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Irish economy **Prolonging**

the miracle



City of London

Ten years since 'the Big Bang'

Special Report, Page 8

Italy's politics

Anglicisation required

Europa, Page 14

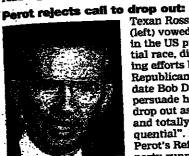


FRIDAY OCTOBER 25 1996

Report warns of extraordinary costs in introducing single currency

IMF likely to suspend \$10bn loan to Russia

The International Monetary Fund is likely to suspend the latest tranche of its \$10.2bn loan to Russia because of the government's poor tax collection record and its reluctance to open up its debt market to foreign investors. IMF experts monitoring Russia's compliance with its deal left Moscow after failing to reach agreement with local officials. Page 16



Texan Ross Perot (left) vowed to stay in the US presidential race, dismissng efforts by Republican candidate Bob Dole to persuade him to drop out as "weird and totally inconsequential". Mr Perot's Reform

party running mate, Pat Choate, said the approach from Mr Dole was proof he was not a viable candidate and urged Republicans to support the Reform ticket. Page 5; Observer, Page 15

Airlines hit by fuel price rise: Airlines are being forced to raise fares or - for the first time since the Gulf war - add fuel surcharges because aviation fuel prices have risen to a five-year high. Page 17; EU may force airfare cuts, Page 2

israelis mark Rabin anniversary: Israelis marked the anniversary on the Jewish calendar of the November 4 assassination of prime minister Yitzhak Rabin, but the day was marred by the shooting of a Palestinian near Tel Aviv after soldiers claimed he fled a security checkpoint. Israel still divided, Page 4

China predicts grain self-sufficiency: China claimed it could maintain self-sufficiency in grain, dismissing international fears it will be heavily dependent on imports next century to meet demand estimated to rise to 550m tonnes by 2010, and 640m tonnes

by 2030. Page 26 Deal over Black Sea fleet: The Ukrainian and Russian presidents calmed tensions over the division of the Black Sea fleet, but the two leaders would not give details of a final deal. Page 2

Japan to resume China aid: The Japanese government is considering resuming official grant aid to China after of nearly 18 months, in recognition of Beijing's decision to sign the United Nations' global ban on nuclear testing. Page 16

UN cash crisis eases: Substantial payments by the US in the past few weeks have helped relieve the United Nations' cash crisis, reducing the total owed by member states to \$2.5bn. Page 4

US arms shipped to Bosnia: The biggest shipment of US arms to Bosnia arrived as Washington stepped up efforts to arrived as Washington stepped up efforts to force a merger between the Moslem-led Bosnian army and Bosnian Croat forces. Page 3;

Editorial Comment, Page 15 Apec urged to drop trade barriers: Asian business leaders urged their political counterparts in the 18-member Asia Pacific Economic Co-operation forum to go beyond reducing tariffs on imports and pledge to

eliminate other barriers to trade. Page 7 Portugal plans transport sell-off: Portugal is to sell a controlling stake in the main motorway network and involve the private sector in the state airline, railways, ports, airports and roadbuilding in a sweep-ing privatisation programme for the country's transport system. Page 3

Japanese car output rises: Japan's car industry output rose by 0.3 per cent in the six months to September, the first half-year rise in six years, providing the latest evidence of a gentle economic recovery. Page 6

Poland legalises abortion: Poland's lower house of parliament overthrew a Senate veto and passed a bill liberalising abortion, despite opposition from the Catholic Church and Polish-born Pope John Paul II.

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Euro may cost retailers \$21bn

By Gillian Tett.

European Union retailers could face extraordinary costs of more than Ecus27bn (\$21.4bn) - almost 2 per cent of their total annual turnover - in adapting their operations to the introduction of the euro, according to a private industry research report.

The figure, equivalent to about \$100 per person in the EU, provides the first concrete estimate outside the banking sector of the costs European monetary union will force companies to bear.

The estimate is likely to fuel concern about the impact of

California

telephone

networks

By Louise Kehoe

California's

overloaded

by Internet

networks are in danger of col-

lapse because of increasing

use of the Internet, according

to one of the largest telephone

net is flooding our networks," warned Pacific Bell, the west-

ern US regional telephone

company. It said heavy Inter-

net use had changed the pat-

tern of telephone traffic, caus-

ing serious problems in

metropolitan areas including

San Francisco, Los Angeles

dismissed Pac Bell's warning

as an excuse for increasing

tariffs, which are particularly

In Silicon Valley, where

Internet traffic is heavier than

in any other part of the US, as

many as one in six telephone

calls does not go through on

the first try because of Inter-

net overload. The normal fail-

ure rate is one in a bundred.

Addressing a trade show in Anaheim on Wednesday night,

Mr Michael Fitzpatrick, chief

executive of Pacific Telesis,

Pac Bell's parent company,

said 16 California telephone

switching centres were

With Internet use doubling

each year, the problems would

et worse. About 8 per cent of

California households use the

Internet. "A huge tie-up of the

local network would occur if

Internet use . . . expanded to

reach 15 per cent of house-

Mr Fitzpatrick said his top

encountering problems.

holds," he said.

favourable to Internet users.

The explosion of the Inter-

companies in the US.

and San Diego.

telephone

Leading retailers point out that margins will be squeezed or inflation will be pushed up. "If the cost is not passed on to consumer, the blow to retail profits would be devastating," Lord Blyth, deputy chairman and chief executive of Boots the Chemist, a leading British chain, said yesterday.

The research report by Euro-Commerce, the EU retailing body, warns: "It would be politically difficult to sell the euro to citizens if as a result, prices would increase."

The report also reveals significant unresolved issues are

rency will be introduced in one big bang" switchover or stag-

gered over six months. EuroCommerce's calculations are based on two sepa-rate scenarios for introduction of the euro in 2002. (Implementation of Emu is to begin in 1999, but the euro will go into general circulation only three

The first assumes transition to a single currency over six months in 2002, with the euro and national currencies circulating in tandem in this period. Some European officials believe this would be the most acceptable to the public. Con-

cies during this period.

EuroCommerce has calculated that this option would cost retailers Ecus27bn. About 5bn of this would stem from the physical problems of handling two currencies in the shops, while Ecus4bn would arise from dual display of

Other costs arise from computer changes, staff training, and public information cam-

These projections have startled the industry. "I am aghast at this estimate. If these costs are to be passed on to consum-

the single currency project on Europe's businesses and con
One is whether the new cur
One is whether the new cursaid: "We are very much in favour of the euro, but politicians and parliament must not forget that they need retailers to help the public get used to

the new money." EuroCommerce argues that if a "big bang" transition were used instead, this could cut the bill to Ecus17bn - about 1.1 cent of the total value of

the EU's retail turnover. Retailers are due to meet the Commission to discuss their estimates shortly. Their suggestions are likely to be opposed by consumer groups.

Philips president orders drastic overhaul

By Gordon Cramb in Eindhoven

Philips, Europe's largest electronics company, is to shed lossmaking units and prune management layers in a drastic overhaul ordered yesterday by Mr Cor Boonstra, its new president.

The reforms will cost Fl 1bn (\$586m), to be taken as a writeoff against the Dutch-based group's already depleted earnings this year. It could also mean the spin-off of one or more profitable divisions into separate quoted companies.

Making an unscheduled appearance at a press conference called to announce a 77.2 per cent slide in third-quarter net earnings to Fl 123m, Mr Boonstra was trenchant both in describing the problems and saying how they should be remedied. "We could refer to price erosion, we could talk about our competitive environment. My message to you is another. We are not blaming the market, we are not blaming competition. We are blaming us. Our management is accountable for this third quarter.
"The people in our factories

have had their work measured and gone through efficiency drives," he noted. "In this reorganisation the focus will be on management layers, the quality of management, and better marketing and sales."

He said that Mr Jan Timmer, his predecessor who stepped down at the end of last month, had "embedded the company with the culture of change, but we clearly overestimated our capacity to grow. We were too optimistic in, for example, growing our organisational costs to meet our expectations instead of taking reality into account".

In six years as Philips chief Mr Timmer took the group to record profits from what Mr Boonstra acknowledged was the danger of bankruptcy that is not the case today". The group shed thousands of

Continued on Page 16 Lex, Page 16

German engineering workers demonstrate outside a steel plant in Duisburg following the collapse of crisis talks on Wednesday between the IG Metall union and the employers over sick pay and other social entitlements. They were among more than 400,000 workers who yesterday downed tools to join nationwide protests in the most forceful demonstration so far of the country's rapidly deteriorating labour relations. The engineering employers' federation said the strikes caused "massive production losses and lasting damage" to Germany as a manufacturing centre. Report, Page 24; EU jobs report blocked, Page 16



Fresh approach may spark battle to control Cepa

and James Kynge in Kuala

A contest for Consolidated Electric Power Asia developed yesterday when it emerged that the Hong Kong-based power group had been approached by a third party, thought to be Malaysia's YTL

Corporation. The news comes just two concern was the first leg of an weeks after Hopewell Hold-Internet user's call, from the ings, the property and infranome to the Internet service structure company which has provider's local access point. a majority stake in Cepa, agreed a US\$2.7bn bid from Because these local calls are free of charge, there is no Southern Company of the US. incentive for Internet users to Shares in Cepa, Asia's pioneering power producer, rose HK\$0.10 to HK\$17.95, on top of hang up quickly. Some people leave their computers hooked up to the Internet for hours. an increase of about 20 per The US telephone network is cent since Hopewell announced plans to cede con-

designed to handle voice calls lasting an average four min-In a statement to the Hong utes, but the average internet call is over 20 minutes, and 10 Kong Stock Exchange yesterper cent of Internet calls go on day, Cepa said that since the accord with Southern, it had for more than an hour. New technologies providing been approached by a comgraphics, video and audio on pany seeking the possible the Internet exacerbate the acquisition of a controlling

users and encouraging longer calls, said Mr Fitzpatrick. "My indicators point to a genuine data tsunami, a tidal wave, in the next 18 months. And ... while we can surf the net, nobody can surf a tidal wave," said Mr Fitzpatrick. Pac Bell is calling on the

situation by drawing new stake. However, it said no offer or formal proposal had been received. Mr Gordon Wu, founder and executive chairman of Cepa, told reporters in Manila that YTL was the company in ques-tion. The Malaysian company would not comment, while

Southern said it hoped that its **Federal Communications Com**mission to change its regulations, which exempt Internet service providers from some local telephone network access charges.

Obseiver

World Trade News .

By John Ridding in Hong Kong Southern. "I think that would be difficult. It is unclear whether YTL could top what is already a pretty generous price," said one, referring to the HK\$18.50 a share offer from the US group. "A key question is whether Hopewell would be able to accept an offer which did not involve a general offer to shareholders," said Ms Alice Hui, analyst at W. I. Carr. She said YTL, which has a market capitalisation roughly the same as Cepa, might be seek-

ing a minority stake. In Kuala Lumpur, analysts said the acquisition of Cepa would be a big strategic step for YTL, which is Malaysia's first independent power pro-ducer. It holds a lucrative contract to sell electricity to Tenaga Nasional, the state utility, for 21 years from March 1995.

While financing such a deal would be funded from YTL's strong balance sheet, observers questioned whether it could afford to pursue Cepa while it plans to take a 51 per cent stake in Zimbabwe's state-owned Hwange power station, in a deal valued at US\$580m.

Hopewell's sale of Cepa has been motivated partly by its need to raise funds for its infrastructure projects in Thailand and China, and by its debt burden.

The group's annual report, published this week, revealed total debts at the end of June stood at HK\$28.6bn while its net debt to equity ratio had risen from 62 per cent on June 30 1995 to 92 per cent. guarded about the prospects of Cepa being wrested from

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The company offers a range of attractive services for the management of clients' assets. The company's experience in large projects financing is our main advantage in investment banking services. In 1994, we participated in the forming of an insurance company of a new type (Vzajorana zivotna poistovna, a.s) as the second greatest shareholder. Last year in autumn Central European Securities House, Inc. managed to find large financial sources and thereby helped to open a new Slovak bank (Dopravna banka, a.s. in Banska Bystrica). The company also participates in financing of municipal needs. This year, we have prepared and successfully placed municipal bonds of the town of Gelnica. In the near future, we aim to strengthen our position in the secondary securities market.

The company's performance has had a dynamic development. The money Market Operations Turnover was 10.61 billion SKK (354 million USD) in 1995.

The company's main goal is to provide reliable services for our clients, including private individuals and counterparts from commercial banks, investment funds, unit trusts and other brokers. All of the company's activities are handled in full coincidence with the signed contracts, that follow our legislation.

As indicated by the name of the company, after successful establishment on the domestic market we intend to expand our activities in other Central European countries.

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Analysts in Hong Kong were

CONTENTS

More than 400,000 workers down tools to protest at 20% sick pay cut

Engineering strikes engulf Germany

More than 400,000 German engineering workers yesterday panies staged a full-day strike. downed tools to join nationwide onstration so far of the country's rapidly deteriorating labour rela-

Gesamtmetall, the engineering employers federation, said the controlled "warning fire" in front strikes caused "massive production losses and lasting damage" to Germany as a manufacturing centre.

The day of strikes and marches follows the breakdown on Wednesday of crisis talks between employers and unions over sick pay and other social entitlements. The failure to agree a deal has led employers to question the future of regional wage bargaining, a hallmark of the German social market

IG Metall, the engineering union, targeted yesterday's demonstra-

the country's industrial heartland, where 187,000 workers in 750 com-

In Baden-Württemberg, a centre protests in the most forceful dem- for the engineering industry, around 120,000 workers walked out for several hours.

Workers at Westfalenhütte. a Dortmund steel company, ignited a of the company's gates to express their anger and to keep warm.

Mercedes-Benz, the car and truck maker, was one of the main targets, with 32,000 workers taking part in the demonstrations. Several other famous names of German industry were affected by the strikes, including Audi and Bosch.

At Blohm + Voss, the Hamburg shipyard, workers carried placards encouraging colleagues "to preserve the inheritance of our fathers", a reference to a strike which began 40 years ago yester-

By Wolfgang Münchau in Frankfurt tions on North Rhine-Westphalia, day in which German steelworkers guarantee which was later enshrined in law.

> The guarantee stated that workers are entitled to 100 per cent of total pay - including overtime and bonuses - when ill. A recent change in German law lowers the guarantee to 80 per cent, but employers faced nationwide protests when they tried to move their workers on to the new legal mini-

The determination with which German trade unionists are defending the 100 per cent sick pay scheme was summed up yesterday by a Blohm + Voss worker who insisted that the issue was one "over which we don't even talk".

Yesterday's demonstration were the second this month: more than 100,000 workers walked out on October 1, the day the new sick

IG Metall announced yesterday binding for the vast majority of secured a contractual sick pay that the dispute had led to a surge in membership. The union, already the world's largest, with close to 3m members, has recruited over 10,000 members this month.

Gesamtmetall said yesterday's action "demonstrates to domestic and foreign investors that the preservation of social entitlements counts more than competitiveness". It said 142,000 jobs had been lost over the last 12 months because they were too expensive.

The sick pay dispute is an opening skirmish in a battle which will utimately be over the welfare state itself. IG Metall fears that a defeat would open the floodgates for further welfare cuts and a dismantllabour structures, including the system of wage negotiations.

Germany's practice of employer federations and trade unions nego-

companies in the sector is unique among the world's leading industrial nations. The deals allow for slight regional variations, but do not allow companies to negotiate at plant level.

Federations such as Gesamtmetall are torn between rising scepticism among their members and a wish to preserve a system that has given rise to their own existence.

In defence of the status quo, the federation argues that companies would otherwise need to create their own industrial relations infrastructure to deal with wage increases, working hours and fringe benefits. They would also ing of the country's corporatist risk being exposed to targeted action by IG Metall.

Labour relations in the engineering industry have traditionally been difficult because of the dispatiating labour agreements that are rate interests the sector represents.

EUROPEAN NEWS DIGEST

Fresh scandal hits Gaullists

The French prime minister's office has reimbursed Air France, which had paid the salary of one of its senior political employees for more than two years, in the latest candal to touch the ruling Gaullist RPR party.

It has repaid the national airline more than FFr ton (\$190,000) in salary and social security contributions paid to Mr Dominique Tiberi in his role as head of the private office of Mr Roger Romani, minister for parliamentary. relations. The information places new pressure on Mr Jean Tiberi, Dominique's father, the RPR politician who took over as mayor of Paris following the election to the presidency last May of Mr Jacques Chirac, his RPR

The details also help confirm long standing allegations about "fake salaries" paid by Air France to a series of political appointees, most of whom never worked for the

company. Other advisers paid by Air France included Mr Gérard Cole, the former head of the French lottery who is now under investigation for corruption allegations. This inquiry led to the discovery of payments to other individuals, and has triggered a separate, wider inquiry opened by the Paris public prosecutor. Andrew Jock, Paris

Spending in France down

French household spending on manufactured goods fell L5 per cent in September, in spite of a second consecutive strong monthly increase in purchases of new cars, according to figures published yesterday by Insee, the national statistics institute

The decline did not prevent household consumption for the third quarter as a whole from registering a reasonably strong 2.6 per cent increase. But it sugured badly for the final quarter, when car sales are expected to be significantly lower, following the expiry on September 30 of a government incentive scheme for new car buyers. Household consumption in September was still more than 4 per cent up on September 1995.

By sector, consumption of textiles and leather was. down 10.5 per cent from August (and 9.9 per cent from September 1995), while spending on household goods such as televisions and hi-fi equipment fell 6.3 per cent (3.5 per cent). Purchases of cars rose 18.5 per cent, after a similar 18.4 per cent increase in August

Funereal protest in Madrid

Madrid traffic slowed to a funereal pace yesterday as private-sector undertakers brought their hearses to demonstrate in the manner they know best - a solemn procession. A grim cortege of 2,000 vehicles, according to the organisers, rolled from the stadium of Spanish league champions Atlético de Madrid to the economy ministry to protest against the obstacles local councils are putting in the way of competition.

The centre-right government approved measures in

Bos

June to liberalise the funeral business, ending council-controlled monopolies in cities like Madrid. But it left it up to town halls to decide the rules. In Madrid this means undertakers have to own at least 30 hearses, have 4,000 coffins in stock and be locally-based. Companies say they are prepared to go on a burial strike if conditions are not eased. David White, Madrio

Poland scales down tax cuts

Poland's parliament yesterday voted to cut income tax next year for the lowest income groups, in a defeat for the former communist Left Democratic Alliance (SLD), the senior partner in the ruling coalition, which had proposed

cutting tax rates for all wage earners. The Polish Peasant party (PSL), the junior coalition partner, sided with the opposition Freedom Union against the SLD in a move described by Mr Wlodzimierz Cimoszewicz, the prime minister, as "demagogic and populist"_

The tax cuts are estimated to add 260m zlotys to next year's budget deficit, which was originally set at 11.3bn zlotys or 2.6 per cent of GDP. Yesterday Ms Hanna Gronkiewicz Waltz, the head of the National Bank of Poland, the central bank, said it would have to follow a tight money policy if the target of 13 per cent annual inflation was to be reached. Christopher Bobinski, Warsaw

Ryanair advert condemned

The Advertising Standards Authority for Ireland said it upheld complaints by pilots about a Ryanair advertisement featuring a bijacked Sudan Airways jet on the tarmac at London's Stansted airport with the slogan. "It's amazing what lengths people will go to fly cheaper than Ryanair". ASAI said the advert lacked a sense of responsibility to consumers and society. Pilots had complained it was bad taste to capitalise on the misfortune of another airline and said it could be seen as an incitement to commit crime. Ryanair argued the hijacking had raised public awareness of the airport and had ended without injury or loss of life. Reuter, Dublin

French police yesterday morning arrested a dozen people in connection with investigations into the explosion at the town hall of Bordeaux this month, for which Corsican nationalists claimed Andrew Jack, Paris ... 5

■ Bulgaria's Securities and Stock Exchange Commission yesterday suspended trading in all 19 quoted companies after they failed to meet legal requirements. The exchange said none had complied with new rules obliging public companies to submit to the SSEC by September 19 a detailed report on the size and distribution of their capital and their shareholders.

Kinnock may force cut in EU airfares

By Caroline Southey in Brussels

Mr Neil Kinnock, the European commissioner for transport, yesterday threat- of factual errors in the figened to order airlines to withdraw airfares deemed to be too expensive, as part of a crackdown on high ticket prices across the EU.

Mr Kinnock warned that some charges within the EU "could be described as excessive". The overcharging was confined to fully flexible tickets, as a rise in promotional fares and more charter flights meant that over 90 per cent of passengers were paying lower fares compared with three years ago.

Mr Kinnock's threat prompted an angry response from the airline industry. "The Commission's reaction is misguided," said Mr David Henderson, manager for information for the Association of European Airlines.

He blamed the high level of fares on high costs for airport and other services, such as ground handling and air traffic control. "The Commission should be doing because costs are so high."

Mr Kinnock said the Commission had not vet identified the airfares it would target. But Commission figures released yesterday showed that fares on flights to and from German airports including internal flights and those to other EU destinations - ranked the high-

Mr Henderson said the Commission was "looking at

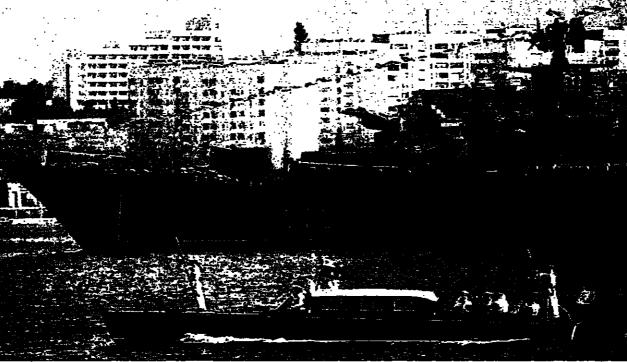
the wrong figures" - in some instances high fares simply reflected the fact that operating costs in that country were high. "There are a lot

ures." he said. Mr Kinnock's threat followed the release of a report on the impact of three years' of air liberalisation in the EU. The final phase in opening EU air transport to competition is due to be fully in

place by April 1997. Mr Kinnock said the drive against high airfares would include ordering airlines to withdraw tickets deemed to too expensive. The Commission has never exercised powers given to it three years ago to order withdrawals. He also threatened to use EU competition rules barring companies from holding dominant positions and price-fixing, Mr Kinnock admitted tackling high air fares would also involve reducing airlines' operating costs to allow new entrants

into the market. The report on the progress of liberalisation showed that the number of routes had something about the fact increased from 490 to 520 that new entrants cannot during the last three years, come and push down prices while there had been a rise served by two operators to 30 per cent and a three-fold increase in the number of routes served by at least three operators.

Airfares most affected by greater competition were on flights from Brussels to Madrid, Barcelona, Milan, Rome, Vienna and Copenhagen and from London to Paris. Amsterdam, Brussels and



A warship in dock at Sevastopol, Crimea. Russia's lower house said Moscow would never hand over the port

Russian and Ukrainian leaders calm tension on Black Sea fleet

in Moscow and Matthew Kaminski in Kiev

The Ukrainian and Russian presidents yesterday calmed tensions over the division of the Black Sea Fleet, but the two leaders would not give details of a final deal.

Mr Leonid Kuchma, the in the number of routes | Ukrainian president, held a hastily arranged meeting with Mr Boris Yeltsin, his Russian counterpart, in an effort to salvage a relationship seriously shaken by two inflammatory laws passed by the Russian parliament this

Mr Kuchma and a Kremlin spokesman said the 30minute discussion had resolved the long-running disagreement over the

Mr Kuchma said Mr Victor premier, would travel to Kiev before mid-November to sign a final deal.

dispute, which has clouded Ukrainian-Russian relations since the collapse of the Soviet Union in 1991, could

Over the past two years, Mr Yeltsin has planned six broad-ranging friendship treaty, but unresolved issues, particularly the struggle over the fleet, have forced the cancellation of each scheduled visit.

the 600 vessels in the Black Russian counterpart had pledged he would come to Kiev before the end of the Chernomyrdin, the Russian year to sign the long-awaited treaty.

Yesterday's impromptu Slavic summit also Neither side gave details underscored the Ukrainian of the new agreement, belief that Mr Yeltsin is the raising fears that the main guarantor of peaceful relations between the two states and Kiev's concern that the Kremlin leader's poor health could jeopardise the two countries nervous

co-existance. "Boris Nikolaevich Yeltsin trips to Kiev to sign a is needed not only in Russia, especially under the current circumstances. Ukraine mayor Mr Yuri Luzhkov needs Boris Nikolaevich too. The world needs Boris Nikolaevich." Mr Kuchma

that Mr Yeltsin seemed to be more fit than he had been during his August 9 inauguration, the last time the president appeared in public

Kiev has been especially upset by two decisions overwhelmingly endorsed by the Russian parliament this week: a law warning that Russia will never cede control of Sevastopol, the Black Sea Fleet's Crimean port. and a draft law passed yesterday which seeks to stop the division of the fleet.

The measure followed statements from the Moscow and Mr Alexander Lebed, the former Russian security chief, that Sevastopol remained a Russia city.

ienna in drive to win public over to concern about the size of the

By William Hall in Vienna

The Austrian government is planning a campaign to persuade an increasingly sceptical Austrian electorate of the advantages of joining the proposed single European

Mr Franz Vranitzky, the chancellor, said his government's recent setback in the European elections, when the far-right Freedom party of Mr Jorg Haider won nearly 28 per cent of the

determination to be among the founder members of the single currency in 1999.

But in an interview, he admitted that the Freedom party's success had made the task more difficult. He said it signalled an urgent need for the leaders of Austria's "social partnership" to play a more active role in explaining the advantages of Austria's planned membership of the new currency.

truncheon-wielding miners

and informed terrified MPs

that his men intended to

It was the start of three

days of miner-led riots that

toppled Romania's first dem-

ocratically elected govern-

Mr Cozma hopes to

address parliament again

soon: he is running for the

Senate in next month's gen-

eral elections, Romania's

he travels in a swish Renault

ment in half a century.

impose "order".

communism.

concrete measures to offset the negative short-term economic costs of the move to a single currency. Mr Vranitzky said it was

important that the move to monetary union was accompanied by more aggressive efforts to create employment. "If we leave our people alone with monetary objectives which they can He also hinted that Ausadd much to their lives, then tiatives in areas such as

vote, had not shaken its firm tria planned to take more they will not buy a new European currency. Mr Vranitzky said this was

his country's most important political challenge and it would be a decisive factor in Austria's next general election campaign, likely to coincide with the start of a single currency. He said the government

had to persuade Austrians that along the road to Emu hardly understand, and the government was also which they believe do not taking supporting policy ini-

employment, infrastructure, research and development and education.

Mr Vranitzky stressed that any new policy initiatives would not be allowed to undermine Austria's commitment to meet the Maastricht convergence criteria. The budget for 1996 and 1997 had already been set and would not be re-opened. In 1998, Austria would continue to pursue a "very careful" budget strategy.

Although there has been

budget deficit, the Austrian chancellor said his country would have "no problem meeting its public debt targets on time". He denied unexpectedly slow growth in the economy would make it more difficult to meet the convergence criteria. • The Freedom party yes

terday rejected offers to link up with Flemish and French rightwingers to establish an anti-Maastricht faction in the European Parliament.

Leader of the Jiu Valley miners brushes up his image ahead of race for the Romanian Senate 'People's man' cuts a dash for the voters

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ive years ago Miron out red carnations, election pins and school notebooks to the waiting crowds. Romanian parliament at the head of a column of His platform is vague. "I

am a fighter," he says without apparent irony. "The people [union members] have chosen me to represent their interests and this is what I do. I am my people's man.

This has considerable resonance in the Jiu Valley, Romania's main coal mining area, deep in the Carpathian mountains, eight hours' drive west of Bucharest. Under Mr Cozma, restruct-

uring of the loss-making third since the collapse of mines has been minimal and He still heads the feared the valley's 42,000 miners have kept many privileges. Jiu Valley miners, as well as several other unions, but They pay no rent and only cuts a very different kind of token power bills, receive figure these days. Dressed in free meals and transport, a smart suit and silk tie with and are among the country's best paid employees. a diamond ring on his finger.

This has helped the heavi-Laguna, stopping to hand ly subsidised local coal com-

pany run up debts of about tions are primitive," he says. \$200m - a huge sum in a country where the average monthly pay is just \$100. Mr Valeriu Butulescu, one of Mr Cozma's rivals in the Senate race, says the mines'

cratic Union, a pro-reform alliance led by Mr Petre Roman, the former prime problems are symptomatic of the miners overthrew. It the leftist government's now appears to have a good flawed economic policy - chance of forming a coalition

Virginia Marsh on Miron Cozma's efforts on Romania's hustings

that rather than promoting investment and establishing adequate social security, it has allowed industry to remain overstaffed and technically backward.

"The biggest problem [in the mines] is that about 80 per cent of expenses go on pay, leaving no money for modernisation. Productivity the miners' bloody incuris very low, there is little sions on Bucharest in 1990 mechanisation and condi- and 1991 have never been

minister whose government

Mr Butulescu is the local

leader of the Social Demo-

government with the centreright Democratic Conven-

opposition group. Mr Cozma is standing as an independent, although he is seen as politically close to the governing Party of Social Democracy.

tion, Romania's other main

The events surrounding

fully clarified but many believe that President Ion Iliescu and his supporters summoned Mr Cozma and his men to the capital.

After miner-led riots in June 1990 which left several people dead, Mr Iliescu stunned the world by thanking the miners - an incident that led to his government's international isolation.

But these days Mr Cozma Riescu - who is running for a third term in presidential elections also due on November 3 - wants to be associated with. The president and his party, the core of the group of former communists that have held power since the overthrow of the Ceausescu regime in 1989, now portray themselves as moderates, dedicated to reform, building social peace, and to speeding Romania's membership of Nato and the EU.

A persistent undertone in the governing team's election message is that an opposition government would bring chaos to Romania and that it alone is capable of maintaining stability and keeping the likes of Mr Cozma's miners under control. The opposition is also

seeking to change its image. At the last elections in 1992, it lacked unity, was domiis one of the last people Mr nated by former dissidents and intellectuals, was virulently anti-communist and distrusted those who had held senior positions under the Ceauseson regime. It is now much more real-

istic. In June's local elections, for example, an opposition party won by a landslide the mayor's race in Petrosani, the largest of the Mires Jin Valley's mining towns miners in front of the and Mr Cozma's base, which dentied palace, after falki would have been inconceiv-



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government is to implement a sweeping privatisation programme for the country's transport system, involving the sale of a controlling stake in the main motorway network and private sector involvement in the state airline, railways, ports, airports and roadbuilding.

"We want our transport systems to operate on a competitive basis by separating the management of infrastructure from the operation of services," said Mr João Cravinho, minister for planning and public works. "Independent regulators will be set up to ensure fair and

efficient competition." The plan includes the pri-

currently 90 per cent government-controlled - Ana, the airport authority, and TAP, Air Portugal, the national airline, Mr Cravinho said in an interview.

Private-sector companies would also almost certainly be involved in the finance, construction and operation of a second Lisbon sirport, he said. The government would begin choosing a site for the airport, one of Portugal's biggest infrastructure projects to date, next year.

Caminhos de Ferro Portugueses (CP), the state railway monopoly, is to be split into two state-owned companies by the beginning of 1997 - one to manage

ture, the other to run trains. Management concessions would be granted to private-sector groups to operate some suburban and regional lines. Build, operate and transfer contracts for light suburban railways, or metros, would also be put out to tender in several

Companies such as cement or chemical groups would be able to submit proposals to run their own trains over the state-owned railway.

Bids for two concessions to build and operate toll motorways in the western and northern regions of Portugal are to be sought in respectively. The contracts involve investments totaltrack and other infrastruc- ling Es200bn (\$1.3bn) ity holding.

introduced in areas where traffic is low and the tolls required to make motorways commercially viable would be punitively high. Operators will count cars as normal and bill the state for the

respective toils.

The advantage of this system is that the state finances the construction of motorways over 20 years rather than in two or three." said Mr Cravinho. "By involving the private sector, more will be invested in transport systems without substantially increasing the level of state finance."

A timetable is yet to be fixed for the sale of Brisa. The state will keep a minor-

over the next three years. Ana, the airport authority "Shadow tolling" is to be is to be restructured before privatisation. Air traffic control will remain under state control. Operation of airports will come under private management and an independent regulator set up

> Mr Cravinho said the government would seek a strategic partner for TAP next year in an alliance that could involve the sale of a KLM Royal Dutch Airlines and Swissair have been reported among the potential

> The commercial operation of Portugal's sea ports is also to come under private management, regulated by a central port authority, he

> > of integration, said.

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Call for **EU-wide** network

By Charles Batchelor, Transport Correspondent

The European Commission should set up a European Infrastructure Agency to come obstacles delaying implementation of a Ecu400bn (£321bn) programme of pan-European transport networks, the Federal Trust, a London-based think tank said yesterday.

The agency would be a high-level body which could call on the expertise of the commission, the European Investment Bank, the European Investment Fund. member governments and the private sector to promote projects, the trust, which specialises in issues

The agency would encourage a more rational choice of priorities for carrying out the projects: would encourage new sources of finance including public equity and private infrastructure funds; and would foster the devel-opment of transnational operating companies.

Public Networks in Europe.

Macedonia in **London Club** debt deal

By Kevin Done and Kerin Hope in Skopje

The London Club of international Banks has reached agreement in principle with Macedonia on repaying its share of former Yugoslavia's total foreign commercial bank debt of \$5.6bn.

The deal marks significant progress for the commercial banks' efforts to recover their loans following the breakup of former Yugoslavia in 1991 and its subsequent default. Macedonia has agreed to

take on 5.4 per cent of the principal and 3.65 per cent of the interest on former Yugoslavia's debt arising from the 1988 New Financing Arrangement (NFA), the last debt rescheduling agreed by Belgrade with the banks.

In return it will be released from the onerous clause in the NFA, which made each borrower liable for the whole debt.

with Slovenia and Croatia and will open the way for Macedonia to gain access to international capital markets for the first time since becoming an independent state in 1991.

Mr Ljube Trpeski, Macedonian deputy prime minister and leader of the debt negotiations, said the country would assume around \$280m in principal and interest. Under the deal agreed in New York, Macedonia is planning to issue bonds in exchange for its share of the debt, and has been granted significant debt servicing concessions by the banks.

The bonds, which are to be listed on the Luxembourg stock exchange, will be paid back over 15 years with an initial four-year grace period. The interest rate will be Libor plus હ, but this will be reduced to 3.5 per cent in the first two years and to joint and several liability 3.75 per cent in the subsequent two years.

Mr Trpeski said Macedonia would now seek a rating The agreement follows from the International credit deals reached by the banks rating agencies.

Denmark opens railway to competition ling in France dom

By Hilary Barnes in Copenhagen

The Danish government yesterday announced plans to reorganise the heavily subsidised state monopoly railway system and to open the railways to competition from Danish and foreign operators for both pas-

DSB, the state railway agency, is

new state agency will become responsible for the track and will

put maintenance out to tender. The inter-city rail routes and Copenhagen commuter rail service companies owned by DSB and operating on commercial terms.

Mr Jan Trojborg, the transport minister, said yesterday that the two to be dismantled from January 1. A companies would not be privatised.

to bring forward a DKr8bn (\$1.35bn) investment in 112 new trains for the Copenhagen commuter service - the run by DSB will become joint stock first trains have already been delivered by Germany's Adtranz.

SJ, the Swedish state railway service company, is expected to become the first foreign railway to operate on Danish track when the DKr15bn peninsula.

Market financing of the two rail road/rail fixed link across the Ore-service companies will enable DSB sund, the straits separating Sweden from Denmark, is opened in 2000. SJ will be able to operate its own trains to the ferries between the southern Danish island of Lolland and Germany and to run trains on the Great Belt bridge-and-tunnel, road/rail link under construction between Silland and the Jutland

Concern over arms delivery to Bosnia

By Laura Silber in Saraievo and Bruce Clark in London

The biggest shipment so far of US arms to Bosnia arrived yesterday as Washington's effort to force a merger between the Moslem-led Bosnian army and Bosnian Croat forces moved into high

Mr James Pardew, the US envoy in charge of the III SCARS (1911) 13\ B gramme, said the shipment would "create a military balance in order to secure a lasting peace in the region".

Yesterday's \$100m shipment - which included 45 battle tanks, 79 armoured personnel carriers, 45,100 M-16 and 800 M-60 machine guns together with ammunition and communications gear - arrived at the port of

But the \$400m US-led programme has sparked controversy in Europe, where senior diplomats stress that arms reduction would be a better route to stability.

Germany's Ambassador Michael Steiner, a senior envoy to Bosnia, said yester day. "The 'equip and train' programme arouses suspicions on the Serb side that the international community is one-sided and helps the other side get stronger.

"But we must balance this with the fact that the Bosnian Serbs have a huge military advantage and are not moving on reduction." The shipment arrived

amid growing signs of confusion, and US-European tension, over the numbers and role of a military force in or around Bosnia next year. Mr Carl Bildt, the international mediator, has insisted that the main function of a



follow-on force must be to prevent renewed war.

In an oblique criticism of the "equip-and-train" programme, he is understood to have insisted during a visit to Nato this week, "Deterrence cannot be achieved by adjusting the internal balance of power." He has said peacekeeping troops, include some Americans, must stay in Bosnia.

A large body of US opinion, especially on the political right, has questioned whether any western ground troops would be needed if the Bosnian government were properly equipped to wage war against the Serbs. Bosnian officials have said

they reserve the right to go back to war if the Serb side refuses to fulfil its part of the Dayton agreement by allowing refugees to return.

A likely flashpoint for any return to war is the area round the town of Brcko, in the corridor linking Serbheld northern Bosnia with

If the Serbs lose control of Brcko, their possession of the stronghold of Banja Luka could also be threat-

For a partially functional intranet, may we suggest the competition?

Kwasniewski in Nato assurance

By Bruce Clark, lomatic Correspondent

Prèsident . Alexander wasniewski of Poland, in an assurance to Russia and Ukraine, said yesterday his country saw no reason why nuclear weapons should be deployed on its soil when it joins Nato.

Mr Kwasniewski, who is visiting Britain to drive bome Poland's keemess for early membership of the European Union and Nato, also urged the Atlantic alliance to draw up a charter to overn its relations with Ukraine, similar to the one which Russia has been

In a speech to the Royal Institute of International Affairs, the Polish leader insisted that his country's prospective membership of Nato would enhance rather than threaten the stability of neighbouring countries.

On tactical nuclear warheads, whose possible deployment eastwards would cause grave concern in Kiev an expanded Nato.

and Moscow, he said: "We perceive no security requirement for stationing nuclear weapons on Polish terri-

The Polish president added that it was "unnecessary and misleading" to raise the subject of nuclear weapons in the context of his country's application to join Nato. His words fell slightly

short of a pledge not to accept the deployment of nuclear weapons in any circumstances. As a member of Nato, Poland would have to accept the alliance's military doctrine which foresees tactical role for US and UK nuclear weapons in certain extreme circumstances

Mr Kwasniewski said that Nato enlargement could have "serious consequences unless it was accompanied by measures to strengthen the security of Ukraine. This was an apparent reference to Russia's threats to assemble the former Soviet republics, and possibly other countries. in a new alliance to counter Your Novell network was purposely designed with an open architecture - just right for an upgrade to a fully functional intranet. So today, Novell brings you a complete intranet solution starting with IntranetWare" for open access, ManageWise" for efficient management, and GroupWise" for communication. While others talk about intranets, with us you're intranet-ready with all the familiarity of your current network: file, print, directory, security, management, and messaging. To get where you want to be, you don't have to start over. Your Novell network will expand with you. Contact your Novell office for more information or call +44-171-242 43 42.

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Divided Israelis remember Rabin

By Judy Dempsey in

When Mr Yitzhak Rabin was assassinated almost a year ago there was more than an outpouring of grief.

society. Left and right put aside their differences as Israel tried to come to terms ried out by a Jew, and one which called into question the future of a permanent peace settlement with the Palestinians.

That unity proved ephemeral. The Israel that yesterday commemorated his death has become polarised. Since the narrow election last May of Mr Benjamin Netanyahu as prime minis-

become locked in a bitter tion. But Betar said it was struggle between advocates of a secular, liberal state willing to trade peace and prosperity for land, and an Orthodox tendency which should be surrendered.

These divisions were encapsulated yesterday by he said, degraded Israeli solwith an assassination car- the country's left and rightwing youth movements.

Betar, the right-wing youth group, said it would not sing, at a memorial planned for Sunday, the "Song of Peace", the lyrics Mr Rabin sang at the peace rally in Tel Aviv just before his assassination. Mr Yair Klinger, the musical director of the liberal Tel Aviv Scouts Group, said the song movement on the right who, was a fitting commemora-

too closely identified with the left, particularly since it was used as labour's campaign song in the elections. Moreover, Mr Eldad Halbelieves that none of the ahmi, head of Betar, said the His death united Israeli land held by the Israeli state song contained anti-religious lyrics and words, such as "let go of the fallen," which, diers who had died.

> "Song of Peace" also represents a deep rift in the society. Since it was a Jew who killed Mr Rabin, each side has tried to blame the other for his assassination which was so inextricably tied to the peace debate. The left has blamed the

But the dispute over the

rabble-rousing anti-peace before the elections, often future of the peace process.



Rabin's widow Leah, left, with her son Yuval and daughter Dalia Ben-Artzi Filosof at the memorial ceremony

burned Mr Rabin's effigy, for fomenting hatred. The right has blamed the left for adopting the moral high

ground by suggesting the right must take responsiblity for his death - and the Labour leader and Mrs Dalia

accompanied with an increasing number of death threats against leading politicians. Left wingers, including Mr Shimon Peres, the itzik, a labour peace cam-

him a traitor if he redeploys Israeli troops from Hebron.

Mr Amoz Oz, the writer, yesterday attempted to transcend the discord and hatred

The verbal assaults are paigner, branded as Nazis, now heard in restaurants, in while Mr Netanyahu has banks, in the streets and in received letters branding offices. "Yitzhak Rabin did not fall in the battle for peace," he wrote in Yediot Aharonot, a popular daily newspaper. "He died in the battle for our identity."

US cash eases

By Michael Littlefohns United Nations Correspondent, in New York

A substantial transfer of funds by the US over the last few weeks has helped to relieve the United Nations' cash crisis, reducing the total owed by member states to a "mere" \$2.5bn

But Mr Joseph Connor, the chief financial officer, still must juggle accounts to keep the organisation affoat.

Since July he has been raiding the UN peacekeeping treasury just to meet day-to-day UN running costs. Although the US has agreed to pay all \$313m of its regular budget dues for 1996, the UN is having to wait until the end of December for two-thirds of it and another month for the remainder, he told the UN financial committee.

Thus, the world body would end the year \$103m in the red - better than the \$243m Mr Connor previously predicted But that will esca-late almost immediately by more than \$1bn, when 1997 ments fall due in Janu-

Including money owed to the peacekeeping acccount to reimburse 90 states that have provided troops and equipment, the US will still be in arrears at year end by more than \$1.3bn, despite recent late payments to the account of more than \$195m.

The Republican-led US Congress irked western countries that pay their UN contributions in full and on time by cutting unilaterally the American share of peacekeeping costs, by imposing strict conditions for payment. These included a demand that UN staff be trimmed by 10 per cent, a virtual no growth regular budget and cuts of \$100m for trade and economic programmes, conference services and press relations.

Mr Connor claims to have saved \$600m through staff cuts and programme reduc-

Kazakhstan's sale of the century

It may have been corrupt and chaotic, but it was sell or die for state industry

oing once, gone, as the Kazakhs say. Kazakhstan has sold off 30 of its largest state enterprises in the past year, including prime oil producers and metal smelters, coal mines and power plants, sectors that took European governments years to sell - if they dared touch them at all. Another handful of big oil and gas companies, two are sold to private compamines, and a dozen other nies with deep pockets, they enterprises are to go under revive. People get their salathe hammer in the next few ries paid, production

"This is not a government afraid of major steps," said partner of Baker & McKenzie, the law firm. "Business can be done, if at

times at frightening speed." Speed differentiates Kazakhstan's privatisation more than anything. One company asked a consultancy to submit a proposal for a three week legal and commercial investigation for a bid. Two days later the consultancy found out that the company had already won the hid.

prises, such as the rundown network of power plants that has left Kazakhstan's 17m people in the cold and dark in recent power failures. Our energy sector is in

deep trouble," said Mr Yusif Duberman, deputy chairman of Kazakhstan's privatisation committee. "When they revives. The sales have been

marked as much by speed as Mr Michael Wilson, resident by scandal. Some very large and viable enterprises have been sold off quietly for as little as \$20m, giving rise to accusations that additional sums passed bands under the table. Some deals have come undone as quickly as they have been made, and even transparent tenders have fallen victim to a political tug-of-war, leaving investors frustrated and suspi-

"In the end it's probably a

along. But progress is greased by bribes, chaos and threats of violence."

A majority stake in Kaz-Khrom, a conglomerate of two large ferro-alloy smelters and a chrome mine, sold for as little as \$36.8m last year in a closed tender without serious competitive bids. Its new owner, Eurasiabank, told shareholders that Kaz-Khrom made a profit of \$143.5m that same year. Eurasiabank, funded by Trans-World, the Londonbased metal trader, also bought majority stakes in an alumina plant for \$20m, and

in an iron ore mine for \$46m. "That's filthily cheap," said Mr Don Nicholson, a government adviser for Deloitte & Touche, the accountants. "It does not smell right."

"We don't put great value on the sum that ends up in the budget, but on the investments into the enterprise," Mr Duberman said. "We left ourselves vulnera-

we don't sell the enterprises cheaply they will go to waste and that means they are completely worthless."

urasiabank pledged to invest \$398m in Kaz-Khrom, but privatisation experts object that no audit firm has been hired to keep track of investments. "What independent body will verify whether the money pledged is actually invested?" Mr Nicholson

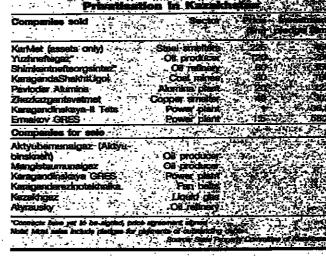
"Shedding more light on things like this," Mr Nicholson added, "would be in their best interest. Every foreign investor is asking the same questions." One thing the Kazakhs

have learnt is that open. transparent tenders attract higher bids than sales behind closed doors. A highly public sale of the Yuzhneftegaz oil production association to Hurricane Hydrocarbons of Canada netted \$120m, plus \$280m in The sales have provided a plus," one western lawyer in ble to accusations of selling investments that will be

life-saving injection of cash Almaty, the capital, said. the nation's wealth for monitored by independent into many comatose enter- "Privatisation is lurching pennies," he added. "But if auditors. Exxon and Texaco, the US oil companies, are expected to bid even more for the Atkyubemunaigaz association when bids are due on November 1.

Power struggles within the government put even these deals at risk, however. When Samson International, a US oil producer, won a tender for Yuzhneftegaz, the ministry for oil and gas, which opposed the sale, insisted that existing Yuzhneftegaz joint ventures which were pumping at the northern half of the field be excluded from the sale. Samson walked out; Hurricane is still negotiating with the venture partners.

At times, officials took months to negotiate a contract after they had selected a winning bidder. "A bid is not the last and final offer here," said Mr Don Templin, resident partner for Price Waterhouse. "The advisers were asked to clarify the bid - try to get better terms. I that once they sell a comdon't know whether that's pany they sell the whole worse or better, but it's difting - assets and liabilities



ferent from what the western companies had expec-

Privatisation experts in Almaty say that officials have become less frantic, more organised and more

realistic in recent tenders. "I don't think they ever really understood the concept of due diligence. We've had a hard time teaching them that a share purchase agreement is more than four pages long," one consultant said. "They now understand

They could have got better bids," one western lawyer insisted, "by making the process more defined, by adhering to the few rules that exist."

- and they understand they

no longer have control over

The biggest drawback for

Kazakhstan has been the

lukewarm interest among

foreign investors. Even some

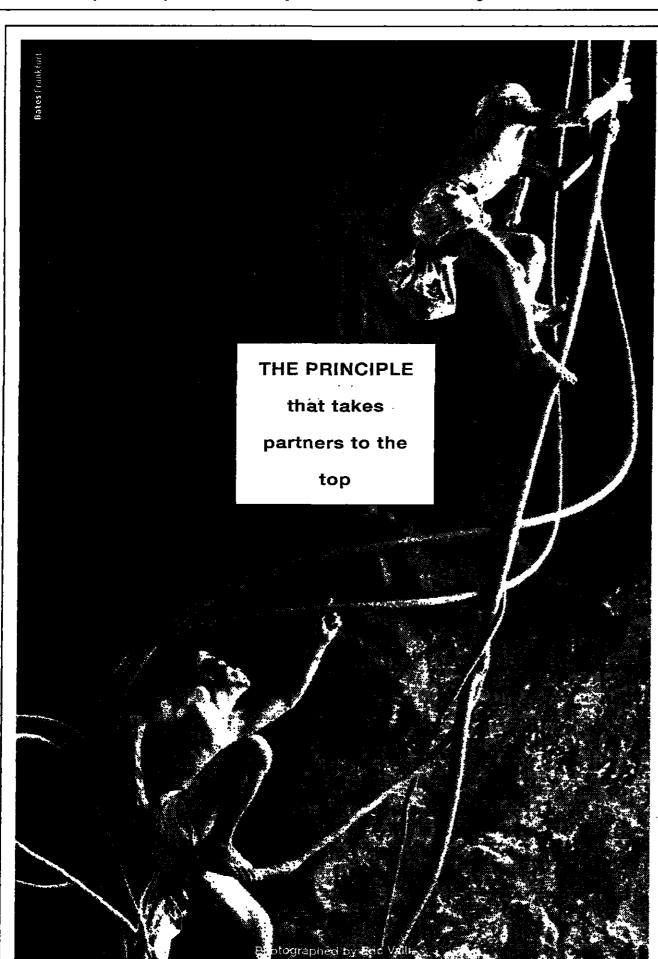
open tenders, such as for the

Shimkent refinery, drew

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only one serious bid.

Sander Thoenes



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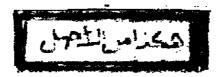
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I RIDAY OCTORE



. US ELECTIONS November 5

Perot yes-terday disweird and inçonseovential" an overture Bob Dole's campaign asking him to drop out of the presidential race

and endorse the Republican candidate. He refused to reveal the details of his Wednesday night conversation with Mr Scott Reed, Mr Dole's senior aide, but said: "I will campaign to the bitter end. We have to stay the course. Let's grow up between now and November and focus on

Mr Dole himself flatly refused to comment yesterday on the initiative, but, leaving his Florida hotel, admitted he was "frustrated" that he appeared unable to cut into President Bill Clinton's double digit lead in the

opinion polls.

But the initiative took even the chairman of the Republican committee by surprise and was widely seen by friend and foe as an act of desperation by the Republican candidate.

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Mr Perot, standard bearer of his own Reform party, is pulling only 5-7 points in the polls, well below the 19 per cent of the popular vote he won as an independent in 1992. But he insisted yesteraccording to its conscience, he would do far better. "Don't throw away your vote . . . in '96," he pleaded. "Vote for the only group that can able advantages make these (necessary)

changes. The two main parties can't make these changes."

In a speech prior to answering questions, Mr Perot launched a scathing attack on Mr Clinton's ethics and competence in government. He sounded more like a Republican in condemning White House invitations to drug dealers and the Democratic party's acceptance of campaign contributions from Indonesian and South Korean conglomerates.

But he also criticised Mr Dole for accepting donations from the Fanjul family of Florida, wealthy sugar merchants, and said it was apparent both parties were in hock to special interests.

The Clinton campaign could hardly contain its glee over Mr Dole's approach to Mr Perot and did not expect it would be accepted. It was, officials pointed out, at Mr Dole's insistence that Mr Perot was excluded from the two presidential debates out of fear that he would siphon support away from the Republican contender.

Mr Haley Barbour, the party chairman, who knew nothing about the overture, could only repeat yesterday: "One thing is clear; a vote for Perot is a vote for Clinton." Even senior campaign aides travelling with Mr Dole were unaware that Mr Reed had flown to Dallas to talk to Mr Perot.

Most polls suggest that Reform party members have no clear preference for Mr Dole over Mr Clinton. But Mr Perot might help Mr Dole in his native Texas, where the race remains uncomfortday that if the country voted ably close for the Republican candidate, as well as some western states, where he ran well in 1992 but where the president now enjoys size-Observer, Page 15

american News Digest

Falkland oil licences due

The Falkland Islands government will award on Monday the first licences to drill for oil in the waters around the islands, disputed between Britain and Argentina. Bidding is understood to have been concentrated heavily in the zone to the north of the islands, where 12 of the 19 blocks on offer are sited. The other seven are to the south and southeast.

Six international consortia, comprising 14 companies, made bids, including a joint venture between the Argentine oil company YPF and British Gas, with YPF as the junior partner. The government hopes exploration can begin early next year.

The technical merits of the bids have been scrutinised by the British Geological Survey in Edinburgh, which is advising the Falklands government. The UK and Argentina reached an agreement on oil exploration in Stephen Fidler, London September last year.

Argentine accusations fly

The open warfare that has erupted between Mr Domingo Cavallo, Argentina's former economy minister, and the country's government intensified yesterday when Mr Alberto Kohan, secretary-general to the presidency, said

Mr Cavallo's attitude "came close to treason". Mr Kohan told Clarin newspaper that Mr Cavallo had lied when he testified before a judge earlier this week that Mr Kohan had known that bribes were paid to secure a \$249m computer contract for IBM by state-owned Banco Nación, Mr Juan Carlos Cattáneo, Mr Kohan's assistant, was in April indicted on charges of defrauding the state in the IBM-Banco Nacion affair.

Mr Kohan also denied Mr Cavallo's testimony that the two men had held a meeting with President Carlos Menem to discuss the IBM case. Mr Menem has also David Pilling, Buenos Aires rejected the claim.

Unions target Toronto

Canadian trade unions have called a "day of action" today in Toronto, the country's largest city, in protest at spending cuts and the pro-business policies of Ontario's conservative government.

Providers of some essential services, including public transport, have applied for court injunctions requiring employees to show up for work. However, union membe have refused to cross picket lines, and widespread disruption is expected, including at the city's

international airport. The provincial government has shed thousands of civil service jobs as part of its drive to balance the budget by 2001. It has also cut welfare payments by 23 per cent. strengthened employers' legal rights, eased environmental restrictions and begun a sweeping

Bernard Simon, Toronto

Peru strongman seen in public

privatisation programme.

Mr Vladimiro Montesinos, Peru's shadowy strongman, has emerged to attend briefings in Lima's government palace during this week's visit to Peru by US drugs policy

chief General Barry McCaffrey.

Mr Montesinos, the effective head of Peru's national intelligence service, has been accused by a drugs baron known as "El Vaticano" of having taken kickbacks from Peru's illegal cocaine trade.

Since the allegations, which were subsequently withdrawn, he has been under intense media pressure to make his first public appearance in some six years. Although declining President Alberto Fujimori's suggestion that he give a television interview. Mr Montesinos seems to have achieved total rehabilitation. Gen McCaffrey reportedly shook his hand warmly and praised him as an "outstanding and knowledgeable Sally Bowen, Lit

Drugs tide rises around the Caribbean Island states are split over how to tackle what they see as a US problem, writes Canute James

Trinidad and Tobago by drug traffickers to ship narcotics from South to North America is causing mounting worry in the islands. The concern has reached such a pitch in the government that Mr Basdeo Panday, the prime minister, has invited the US Drug Enforcement Agency to open an office in Trinidad.

About 40 per cent, or 200,000kg a year, of the cocaine smuggled into the US now passes through the islands of the Caribbean, twice as much as five years ago, according to US government estimates. However, the region is

divided over controversial US proposals for fighting smugglers. While some countries have agreed to allow US law enforcement agencies to use their territorial waters and air space to pursue suspected smugglers, others remain uneasy.

"Ship rider" or "hot pursuit" agreements allow US agents and vessels to operate in the territorial waters and airspace of other countries, if a local official (the "ship rider") is present. US aircraft are allowed into the country's airspace and to force suspicious aircraft to land.

Several nations have signed the agreements, saying they cannot fight traffickers without foreign help. Others have balked, claiming they are concerned about the violation of their sovereignty, and about legal problems with foreign law enforcement agents operating within their jurisdiction.

"Small countries like ours do not have the resources to fight the cartels, and their financial strength is greater than that of our national economies." said Mr Denzil Douglas, prime minister of St Kitts-Nevis. His government has signed a ship rider agreement. "We are pawns in this game as we are situated between the suppliers

and the consumers," Caribbean leaders have frequently complained that the problem is theirs only because of geography, and that it is the US which should be providing the region with the means to combat the problem.

"The US has not given us the resources to fight the traffickers, but has been expecting us to spend money to do this," said Mr Lester Bird, prime minister of Antigua-Barbuda, which has also signed the agreement. "There is a disposition in the

The Caribbean: roads for narcotics ATLANTIC OCEAN

Smugglers use the islands increasingly to transship narcotics bound for the US

US which says that if we do legislation. "Jamaica is prenot sign, we are not being co-operative." Other countries which have signed are the Bahamas, Dominica, the Dominican Republic. Grenada, St Lucia, St Vincent and Trinidad and Tobago. Those which have rejected the proposals claim they are

at odds with aspects of their

pared to co-operate with all countries on the problem of drug interdiction and drug trafficking, but in respect of our territorial space our sovereignty has to be maintained," said Mr Percival Patterson, the prime minister. "This is a matter that has to be dealt with by the

Jamaican security forces." Barbados has similar concerns. Said Mr Owen Arthur, the prime minister: "There are still matters of an entirely legal character that have not yet been resolved in our minds to put us in a condition to feel comfortable about signing the agree ment. There is more to fighting drug trafficking than the

ship rider agreement." Such differences have not prevented Jamaica and Barpados from reaching agreements with the US for co-operation between their law enforcement agencies in fighting smugglers, particularly outside their 12-mile maritime zone.

Evidence is growing that although the narcotics which come into the islands are meant mainly for transshipment, increasing quantities are being used locally and with damaging effect in the region, leading to higher levels of violent crime.

Eight out of every 10 crimes committed in Trinidad and Tobago are related to parcotics, said Mr Panday, Situated just off the South American coast, Trinidad first stop for traffickers, and an estimated 1,000kg of cocaine passes through

every month, he said. Two years ago St Kitts Nevis, with a population of 45,000 people, was shaken by the disappearance of a former diplomat, who was a representative of banks being investigated for money laundering, and by severa drug-related murders.

In Mr Panday's view, arguing national sovereignty as basis for rejecting the ship rider agreement is not the best approach. "We mus revisit this concept of sover eignty in the modern world to fight the drug cartels. We must move away from a 19th century concept of sover-eignty before we lose our sovereignty to the cartels.'

For Sir James Mitchell, prime minister of St Vincent the ship rider agreements offer a solution in more ways than one. He said the US, and not his government was now responsible for fighting the smugglers.

"I want to be able to blame the US for what is happening because they say we are not doing enough," he said "If any drugs are passing through our country and going into the US, then the US agencies have the authority by sky and sea to deal with it. The ball is in their





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PHLIPS

Today's budget set to keep grip on inflation

Malaysia deficit likely to shrink

By James Kynge in Kuala Lumpur

The Malaysian government announces its 1997 budget today and economists are predicting the country's worrying current account deficit will shrink significantly this year, thereby dispelling one of the main concerns of stock market investors.

Several economists at think tanks and brokerage houses predicted last night that the budget would not be expansionary and was likely to be either neutral or slightly deflationary.

Its aim, they said, would be to keep the economy expanding at above 8 per cent in 1997 but keep inflation in check. Growth this year is officially forecast at

An influential think tank revised downward its forecast for the shortfall in the current account, which measures the flow of goods, services and short-term capital.

in Bangkok

Thai voters still have more

than three weeks to decide

who they want to become

their next prime minister.

But the stock market,

courted heavily this week by

leading candidates, has

already decided it does not

like Gen Chavalit Yongchai-

yudh, leader of the New Aspiration party and a

front-runner for the premier-

Yesterday Gen Chavalit

attempted to counter criti-

cism that he lacked a coher-

ent plan to restore confi-

dence in Thailand's battered

financial markets by speak-

ing to a small group of for-

eign fund managers via a

He said interest rates were

too high but noted they were

set by the market and, as

prime minister, he could not

lower them. He stressed the

country was in need of sta-

ble administration but

offered little hope that he

could keep a fractious coali-

outside technocrats to key

economic ministries but was

unable to come up with

names for specific positions.

three hours and I still don't

know what he's going to do,"

said one fund manager. How-

ever, Gen Chavalit did dis-

tinguish himself from Mr

Banharn Silpa-archa, the

lame-duck prime minister.

by appearing well-versed in

doesn't have a team clearly

thinking out what they want

to do and how they might do

"The basic problem is he

basic economic concepts.

"I just heard him talk for

And he pledged to appoint

tion government united.

did not appear to work.

satellite video conference. It . and I still don't

to impress

Economic Research (MIER) said the deficit for this year would be M\$15.27bn (\$6.1bn). a sharp downward revision from the M\$19.2bn it forecast earlier this year.

The deficit last year was M\$17.8bn, or 8.8 per cent of gross national product. The overwhelming concern of foreign investors this year has been whether the deficit would swell out of control. The task of judging this has not been easy because Malavsia rarely releases figures on its trade in services. where it traditionally incurs the heaviest deficit.

Improvement in the services balance is expected to be slow, but a significantly more favourable merchandise trade picture is expected to alleviate current account

"The positive trend of a falling current account deficit as a percentage of gross national product is definitely there," Mr Stephen Weller, director of Pesaka Jardine The Malaysian Institute of Fleming in Kuala Lumpur.

said. "Our forecast for 1997 is that it will be under the magic 5 per cent.

Dr Mahathir Mohamad the prime minister, has said the reduction of non-essential imports is to be the main thrust of the budget today. Officials said he was referring to manufacturing components which are currently imported but capable of being replaced by locally made products.

busiest routes.

with recent deregulation.

have raised hopes that con-

sumers may at last reap the

Sawada, president of HIS.

the largest discount travel

agent in Japan, announced

serve the Tokyo-Sapporo

route and slash by as much

as a half the rates charged

by the large domestic carri-

Japan Airlines and Japan

Air System.

than 40 years.

By John Ridding

for some of China's "prince-

lings", the privileged sons

and daughters of the ruling

élite who have acquired

wealth through business and

cutors said they had filed

corruption charges against

Mr Zhou Beifang, former

head of the Hong Kong

operations of Shougang, one

of China's biggest business

groups with interests from

accepting and offering bribes

political connections.

steel to property.

Last week, Beijing

in Hong Kong

ers, All Nippon Airways,

This was quickly followed

by an announcement that a

consortium of small compa-

nies based in Hokkaido also

planned to operate a cut-

price air service on the same

If the plans go ahead, the

airlines would be the first

independent carriers to be

established in Japan in more

The new entrants, particu-

larly Mr Sawada, have fuelled expectations that

change is afoot in the indus-

try. HIS is well known for

pioneering discount interna-

tional travel and Mr Sawada

has long portrayed himself

as a champion of consumer

On October 14 Mr Hideo

benefits of competition.

For foreign corporate investors, one issue of intense interest is whether Mr Anwar Ibrahim, the deputy prime minister and finance minister, will announce a widely expected 2 per cent cut in corporate tax from 30 per cent now. Officials said Mr Anwar

was expected to unveil incentives to companies trying to climb the technology ladder, in line with the nation's economic masterplan to seek growth over the next five years mainly by capital investment and pro-

Chavalit fails 'pacts' Thai traders under fire

By Nikki Tait in Sydney

This view contrasted sharply with the impression left by Mr Tarrin Nimmanahaeminda and Mr Supachai Panitchpakdi, Democrat party economic heavyweights, who addressed a campaign rally earlier in the week at the headquarters of

the stock exchange. The two, tipped to recover their former posts of finance minister and deputy prime minister for international economic affairs respectively, told a cheering crowd of stock market officials and brokerage house employees 'I heard him talk

ern Australia. The watchdog alleges agreements between GWN. Seven, Nine, and various subsidiaries in the past year, the first an exclusive 15-year programming sup ply arrangement, allegedly set up between Nine and

The second was another alleged programme supply agreement between Territory Television, a Darwinbased subsidiary of Nine Network, and Amalgamated Television, a Seven offshoot.

Nine and Seven came to an understanding Nine would not pursue any further commercial television licences for regional Western Australia, while Seven would withdraw its expression of interest for the second commercial television

"Pecuniary penalties" and injunctions are being sought against the parties involved, and declarations that the agreements contravene the Trade Practices Act.

Australia television

The Australian Consumer and Competition Commission watchdog yesterday began legal proceedings against Mr Kerry Packer's Nine Network and Seven Network, run by Mr Kerry Stokes, the Perth-based busi-

Also targeted was Golden West Network, the West Australian regional broadcaster owned by Mr Stokes. following an unsuccessful effort to sell GWN to Seven earlier this year. The commission is concerned about how far competition may be restricted in the Darwin television market and West-

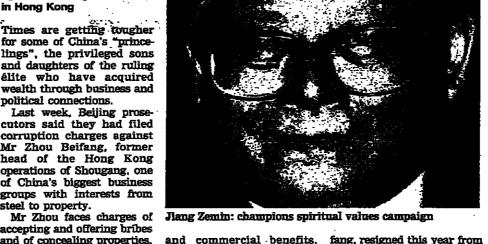
GWN in October last year.

The commission claims

and of concealing properties. Mainland newspapers have referred to his life of "luxury and rottenness" while in Hong Kong, before his arrest last year. Also involved are two former officials of the Beijing city government. The charges against Mr Zhou, the son of Mr Zhou licence in the Darwin area. Guanwu, former chairman

and communist party secretary at Shougang, are among the first to be levelled against a "princeling". They come amid a national clampdown on corruption and a spiritual values campaign championed by President Jiang Zemin The crackdown on corrup-

tion and a move against conspicuous consumption are not the only problems they face. Power shifts in Beijing mean that family connec-



extended family of Mr Deng Xiaoping, China's ailing paramount leader. Several of his relatives have lost positions in business or the military as the influence of their ultimate patron has waned. In August, Mr Wu Jianchang, a son-in-law of Mr Deng, was replaced as chairman of Zhuhai Shining Met-

als Group, a metals trading and investment group based in the southern special economic zone of Zhuhai. Last weekend, it emerged that Major-General He Ping.

another son-in-law, had resigned as director of the armament department in the People's Liberation Army, apparently after failure to secure a desired promotion. In Hong Kong, Mr Deng's tions can lose their clout second son, Mr Deng Zhi-

One example is the the board of Shougang Concord Grand, part of Shougang's Hong Kong interests which was headed until last year by Mr Zhou Beifang. The loss-making property company said the move was to allow Deng Jr, an associate of Mr Zhou, to spend more time on his mainland interests. "Some family ties don't

work the way they did," one analyst at a Hong Kong bank said. "But your father or brother can still be a big factor in business and there are still plenty of mainlanders making big money in Hong Kong

The sleek Shougang Concord launch moored outside the Aberdeen boat club supports this view. For others at least, if not for Mr Zhou, the

Newcomers reach for Japan's skies

Michiyo Nakamoto reports on a domestic challenge to the big airlines

lying between cities in Japan is often a Japan's air traffic soars crowded, uncomfort-Domestic autines milions of pa able and costly affair. For decades, air travellers have had a limited choice of airlines and rates have been fixed by stringent regulations. A lack of airport space, tough environmental and safety rules and a regulation-happy bureaucracy have frustrated hopes of increasing capacity on the But the emergence of two prospective entrants into the Japanese domestic airline market last week, coupled

World's busiest routes - Passanges/year (m) Tokyo/Fukuoka New York/Chilosopo New York/Los Abs Hong Kong/Taiper

"When we started this business, international air lid on the number of airlines fares were very high. We took up the challenge and now international air fares have come down tremendously," he said. But while Japanese travellers have seen the benefits of competition in international travel. domestic air fares have remained high.

For example, a regular round trip ticket from Tokyo to the southern city of Fukuoka 900km away costs about Y53,000 (\$469). For not much more it is possible to buy a discounted ticket from Tokyo to Los Angeles. "I think it is possible to reduce fares, and so we

decided to take up the challeage. Somebody has to, or else nothing will change," Mr Sawada said. Much of the blame for domestic high costs has been pinned on strict regulations.

which have curbed competition and kept costs punishingly high. The ministry of transport,

whose apparent role has been to give out permits and licences rather than formu-

Corruption crackdown hits privileged families

Life gets harder for

China's 'princelings'

late policy, has kept a tight operating in the domestic market. Only routes which have annual passenger traffic exceeding 400,000 can be served by two airlines and only those with more than 700,000 passengers can have

irport fees are among the highest in the world and Japanese airlines complain that in return for slots on lucrative routes they are forced to take on unprofitable routes with low passenger traffic.

The airlines' high costs have also made them increasingly uncompetitive in international markets, forcing them to turn to the domestic market to raise

Critics claim that Japanese airlines must do more to reduce costs, and even the ministry warns that the airlines' very survival is at risk. "The world is moving towards open skies and Japan cannot remain isolated from that trend," Mr Sawada pointed out. "Japafor the time when foreign market," by stimulating greater competition.

Against this background. and amid a national drive to deregulate domestic markets and revitalise the Japanese economy, the transport ministry has signalled its readiness to ease rules governing airlines. This year it adopted a system allowing airlines to set their own rates within a 25 per cent band.

cautious attempts to deregulate the market have been too limited to have any real impact on competition. Indeed, rather than encourage price competition, the new system led to an overall increase in fares. Since the sirlines had little incentive to lower prices in a market where capacity is highly regulated, they raised them instead.

It is hoped the new entrants can provide the kind of cut-throat competition needed to shake things up in the industry. Both Mr Sawada and Mr

ing the Hokkaido consortium are planning to apply for new landing slots which will become available at Haneda, which serves Tokyo. They believe foreign crews, contracting out maintenance and making better use of information technology are all ways to cut costs. It is a fair bet that despite the still substantial bureaucratic red tape and the high costs they must bear, at least one of the companies will start flights within the

next two years. Publicly, the main airlines and authorities express support for the new entrants.

The question, however, is whether the trend will become widespread enough to change the entire nature of Japan's domestic airline industry.

The smaller airlines would have difficulty surviving if the big carriers met them with lower prices, particularly if the newcomers incurred their wrath by expanding into other routes. In the US, for example, People's Express had initial success as a cut-price airline But so far the ministry's serving the busy Los autious attempts to deregubut because it lacked a network it did not survive long in the face of a fare reduction by United Airlines.

Analysts believe that, for the newcomers to become a true force in the market, the ministry needs to ease rules further, increase capacity significantly along the busier routes and provide more slots to enable them to build a network. Without such support

competition on the Tokyo-Sapporo route is likely to remain an isolated develop

ASIA-PACIFIC NEWS DIGEST

Plea for 'light hand' on HK

China must govern Hong Kong with a light hand if the colony is to thrive after it returns to Chinese control next year, Mr Christopher Patten, governor of the colony, said

He told a conference in Edinburgh that Hong Kong would continue to thrive if it was allowed to pursue broadly the same economic and social policies as it had now, and if it retained its existing political and administrative structure.

A further condition of success was that Hong Kong retained its opposition to "corruption and cronyism". Mr atten said, and that the people of the colony wer prepared to stand up for the values "that have made the city great". These included "a distinct reluctance to

Mr Patten said China had every reason to want a successful transition. It would gain "enormous face in showing Hong Kong can do even better under China than James Buxton, Edinburgh

Car output up in Japan

Japan's car industry output inched ahead by 0.3 per cent in the half-year to September, the first six-monthly rise in six years, providing the latest evidence of a gentle economic recovery.

According to the Japan Automobile Manufacturers' ssociation, the country produced 4.9m vehicles during the period. Output was helped by a last-minute spurt, 7.3per cent up in September alone, attributed to the launch of a range of sports utility cars and sedans in that month. Other data released yesterday added evidence of a rise

in consumer spending. Sales at supermarkets rose 0.9 per cent in September, the first increase in three months according to industry figures. Food sales had been hit by a poisoning epidemic during the summer. Department stores, less reliant on food, did better, with a 2.3 per cant rise in sales in September against the same month last William Daukins, Tokyo

Australian wage rises slow Wage inflation in Australia slowed to 3.5 per cent

year-on-year in August, according to data published esterday, prompting financial markets to speculate that further interest rate cut would be possible before The 3.5 per cent rise in average weekly earnings

represented a deceleration from the 3.9 per cent figure posted in the previous quarter, and was lower than the 3.7-3.8 per cent expected by most analysts. The wages data ire particularly significant because the Reserve Bank of Australia recently indicated that its main concern in interest rate policy was the level of wage Nikki Tait, Sydney

Central bank warns Bhutto Pakistan's central bank yesterday warned the

government of Ms Benazir Bhutto, prime minister to avoid "slippages" in meeting important economic targets. The warning, in the bank's annual report, is a sign of

its growing independence under its governor, Mr Muhammad Yaqub, a respected former IMF economist... The report was released a day before an IMF mission is due to arrive in Islamabad. It comes at a time when Pakistan is urging the Fund to revive a \$600m standby loan, which was stalled in June following IMF disapprove of economic policies. Farhan Bokhari, Karachi

India quick to cut rates

Indian banks and financial institutions have moved quickly to cut lending rates following an easing of monetary policy at the weekend.

The State Bank of India, the country's largest commercial bank, said it would cut its benchmark pr lending rate by 1 point to 14.5 per cent from November 1. The three leading development finance institutions

Industrial Development Bank, Industrial Credit and Investment Corp and Shipping Credit and Investment Corp - have also decided to cut their prime rates by 0.5 point to 16.5 per cent immediately. They also reduced the cap on interest rates above the prime rate to 3.5 points Tony Tassell, Bomba

The Financial Times plans to publish a Survey on

for three hours

know what he's

that the Democrats would

focus on restoring the inde-

pendence of capital market

regulators, who, over the

past year, have been subject

to political interference by

This move would help

restore confidence in eco-

nomic management and aug-

ment the flow of foreign

funds to Thailand, Mr Tarrin

said, with the resulting

liquidity helping to push

foreign brokers that a Demo-

crat government would offer

some short-term remedial

measures to boost Thailand's

while focusing on the devel-

opment of a long-term indus-

trial policy and capital mar-

flagging export performance

Mr Supachai pledged to

down interest rates.

ket liberalisation.

the Banharn government.

World Airports

on Monday, November 25

The world's airports will have to deal with an expected doubling in the number of air travellers over the next 20 years. They will have to do so while ensuring their customers remain safe from terrorist attack and while environmentalists oppose expansion of the bank, which said policy their buildings and runways. This Survey will analyse and assess developments in the industry.

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FT Surveys

NZ central bank hints at monetary easing

By Terry Hall in Wellington The New Zealand dollar and

wholesale interest rates fell sharply yesterday after the Reserve Bank hinted at an easing of monetary policy. The markets were reacting

to a surprise statement from had "become a little firmer than needed for the task of keeping inflation below the target range of 2 per cent".

There has been a big inflow of overseas funds since the indecisive general election on October 12, and the New Zealand dollar has risen to an eight-year high against both the US and Japanese currencies.

Investors, mainly from and the Reserve Bank had been seen as unwilling to days.

relax monetary policy until talks on a coalition government were resolved. Last week the central

bank responded to an unexpectedly low 2.4 per cent inflation figure for the September quarter - which was 0.3 points lower than it and other forecasters had predicted – by saying it saw no grounds for too rapid an easing of policy. However, in its statement

yesterday the Reserve Bank said the "sharp exchange rate appreciation" of recent days had been accompanied by a relatively small drop in interest rates which had led to a marked tightening in overall monetary conditions.

The bank said it could see Europe and Asia, have been no requirement for monetary chasing high interest rates, policy to have firmed as much as it had in recent

keep overall monetary conditions consistent with maintaining price stability, it appears we have to accept rather less interest rate pressure than might be ideal, and rather more exchange rate pressure than might be The announcement saw

"Unfortunately, in order to

the New Zealand dollar fall by one cent against the Australian and US currencies. The 90-day bill rate, which had been above 10 per cent before the election, fell to 9.07 per cent. Ten-year government stock fell during the day from 7.46 to 7.33 per

The stock exchange also rallied strongly. Before the announcement the NZSE top 40 was down nine points, but it closed up 32 points at

t.KIDAA. toc. Linking FINANCIAL TIMES FRIDAY OCTOBER 25 1996

Pan's ski Charting future flight path for restructured Airbus AAXX. could be the vel yet links between the sorting partners and chinese aviation indi-Ross Tieman outlines the European consortium's when it becomes a stand-alone company

eprived of both a stock market profile and the status accorded a national technology champion, European aircraft manufacturer Airbus Industrie has struggled for a decade or more to win public recognition of its success.

SO THE

TO THE PERSON NAMED IN

The four-nation consortium has supplanted McDonnell Douglas of the US as the world's second largest civil jet-maker, and is now locked in a bruising battle with Boeing for the top slot in the world's atriber market.

Subsidies are no longer an issue. The challenge now is to turn Airbus from an alliance of European aerospace companies into a stand-alone business capable of fighting Boeing on equal terms.

Tough negotiations are already under way on how best to achieve this among the partners - Aerospatiale of France and Daimler-Benz of Germany, with 37.9 per

cent interest. Inspired by the determina-

tion of the French government to retain a place in the aerospace technology race. Airbus is now a business unlike any other.

Its stylish Toulouse headquarters is staffed by employees drawn from the partner companies. The aircraft are designed by collaborating teams, with Aérospa-tiale responsible for the cockpit, British Aerospace for the wings, and so on. The partners are obliged to

bid competitively to build sub-assemblies, yet receive work roughly equal to their equity in the consortium. It is an arrangement fraught with tensions, which has nonetheless achieved a considerable commercial suc-

Since its foundation almost a quarter-century ago, Airbus has launched a cent each, British Aerospace range of aircraft that comwith 20 per cent and Casa of pete with Boeing in every

Spain, which has a 4.2 per sector of the airliner market from 125 seats to almost 400. Only Boeing's 747 jumbo remains unchallenged.

Airbus now commands around 30 per cent of the airliner market outside the old Soviet Union. Boeing has responded with aggressive cost-cutting and new model

But the ability of Airbus to drive down costs and raise finance is inhibited by its structure. The issues have been brought to a head by the increasing importance of the business within the activities of its parents, and by the realisation that Airbus will have to pursue its plans for a super-jumbo to compete with the Boeing 747. This will require new partners, and a lot of money.

After a long review, the partners have agreed to turn Airbus into a single corporate entity by 1999. It is now expected that the parent companies will transfer the plants where they do work

Industrie. But progress is inhibited by arguments over what assets to inject into Airbus, and at what price.

The sums at stake are enormous. In the first independent research report Lehman Brothers, the US investment bank, estimated that on the strength of its cash flow, market position and so on, Airbus could be worth

Lehman Brothers believes

on Airbus aircraft to Airbus Airbus is both more efficient than widely acknowledged, and more profitable. Although Airbus has never published its financial results. Lehman estimates that after start-up losses

> profitable since 1993. According to Lehman, Airbus is probably already achieving double-digit profit margins, and could already

> totalling \$8bn, it has been

Two factors point to a rapid acceleration of Airbus's profits in the near future. It bas a relatively modern range of aircraft, with programmes approaching maturity, in an industry with product life-cycles of 25 years or more. Equally, it will, with Boeing, benefit

Flying in the future: the outlook

main manufacturers

These factors will increase the attractions of an even-

airliner demand.

that would enable the partners to realise a profit on

their investments. But incorporation and flotation could have far wider benefits. In the first place, it would provide the flexibility needed to bring new partners aboard, a matter of growing urgency.

from the strong recovery in To win orders in Asia, the world's fastest-growing aviation market. Airbus needs production links with China. tual stock market listing Its planned super-jumbo, the

A3XX, could be the vehicle. Yet links between the con-sortium partners and the Chinese aviation industry are vested in a regional aircraft venture. Aero Interna tional Regional (AIR), com prising Aérospatiale, British Aerospace and Alenia of Italy. Airbus would have to establish more formal links with AIR and its partners, in

both Europe and Asia. Airbus also continues to suffer from the ability of the US government to apply greater political leverage in support of its champions in overseas markets. According to Lehman Brothers, one solution might be to take over McDonnell's civil aircraft business - a deal Boe ing has already tried unsuccessfully to achieve

Whatever the practicalities of a deal with McDonnell, it is clear that Airbus will need a more flexible structure to facilitate partnerships and fund-raising in the future. The carrot of a cash windfall for the founding partners may serve to accelerate the

process. Boeing results, Page 17

End trade barriers, Apec urged

Asian business leaders yesterday urged their political counterparts in the 18member Asia Pacific Economic Co-operation (Apec) forum to broaden Apec's scope and bring its trade liberalisation programme closer to the "real world".

in a report presented yesterday to President Fidel Ramos of the Philippines, chairman of Apec in 1996, the Apec business advisory council (Abac) told leaders to go beyond the goal of the proposal, which would reducing tariffs on imports and pledge to eliminate calls for such a system to be other barriers to trade. Apec put in to practice from Januplans to eliminate all tariffs ary 1997. Some countries on trade by 2010 for devel oped countries and 2020 for

developing members. The report, "Apec means business" said Apec should extend its ambitions to include the dismantling of harriers to the free movement of people, goods, services and capital within the free trade group. Political leaders should also tackle less tangible but equally tiresome obstacles to trade

within the region. "Such restrictions continue to impede the conduct of business [in Apec]," it said. "These restrictions go well beyond tariffs and quotas encompassing a range of non-transparent and complex customs, immigration and other cross-border proce-

output up in Japan

structure under rises slow

service with Bhom

igna dance for each lance.

from each country, which includes Mr Gordon Wu, managing director of Hopewell Holdings of Hong Kong and Mr Frank Shrontz, chairman of Boeing - urged leaders to adopt their recommendations at the Apec heads of state meeting in Manila next month. The

businessmen at immigration, uch as Australia and th Philppines - bave already

agreed to adopt it then. Abac, which was established at the Apec leaders meeting in Osaka last year. said the free trade forum should set up a central registry for patents and trademarks to boost the flow of

technology within Apec. Apec, which accounted for 46 per cent of global trade in 1995, should also work towards common professional standards in accountancy, architecture and law, said the report.

Apec comprises the US. Canada, Chile, Mexico, Thailand, Malaysia, Singapore, Brunei, the Philippines, Indonesia, Hong Kong, China, Taiwan, South Korea, Japan, Papua New Guinea, Australia and New Zealand.

The business group of 36 -

Mexico enters talks with Mercosur group

By David Pilling in Buenos Aires and Daniel Dombey in Mexico City

Mexico has opened negotiations to become an associate member of Mercosur, the customs union which groups Brazil, Argentina, Uruguay and Paraguay. An agreement is expected

Mr Jaime Zabludovsky, Mexico's under secretary for international trade negotia-

tions, said the current negotiations to put trade relations on a multilateral basis with the Mercosur countries were a transitional step to negotiating a full free trade

Mexico would join Chile, which became an associate member last June. It would sign free trade agreements. but would not have to comply with Mercosur's external tariff regime. Mexico would be unable to do that, because

of its membership of the North American Free Trade Agreement. The other Nafta members are Canada and the US.

Mr Zabludovsky said: "At the moment we have a set of bilateral agreements. We have to change those agreements to recognise that with Mercosur we are dealing with a customs union and that we should not have four separate bilateral agree-

fledged agreement in the future, our exports will be at a disadvantage.

An agreement would provide a bridge between the continent's two most important trade blocs by far, Nafta and Mercosur. It would also mark a tentative step towards the idea of hemispheric free trade from Alaska to Tierra del Fuego, a goal set in December 1994 at the so-called Summit of the

Americas in Miami. Mr Guido Di Tella, Argentina's foreign minister.

acknowledged the dangers of advancing too fast with the expansion of Mercosur, which was only formally established as a customs union in January last year. 'We are very aware that. when we consider geographical expansion, we run the risk of dilution," he said. "That is why we have to deepen at the same time."

Deepening meant reaching agreement within the four core Mercosur countries on matters such as standardising labour legislation and free trade in services.

In particular, he said Argentina wished to push for an open-skies agreement. However, this could not to come into effect until the turn of the century when a monopoly granted to Aerolineas Argentinas, the privatised state carrier, expired.

Argentina and US take their troubles

By David Pilling

The US and Argentina ar preparing to file complaints against each other before World Trade Organisation, claiming unfair trade restrictions on products ranging from beef to sports shoes.

The US complaint centres on textiles and footwear, on which Argentina last year placed so-called specific import duties of up to 125

per cent. Argentina's action, which Washington claims violates maximum tariffs agreed in the Uruguay round, is aimed at curbing cheap Asian imports, but officials say it is also harming US

Washington says that Argentina promised to lower these tariffs a year ago, but reneged on the agreement and is actually now proposing a three-year

"We have a trade dispute with Argentina which we can't handle bilaterally, so we need to go to a multilateral organisation like the WTO for arbitration," said a US

diplomat. Aires Buenos threatening to file counter complaints before the WTO on what it regards as unfair US restrictions on the import of Argentine beef, seamless steel tubing and

peanut butter. The US, which because of health concerns did not import Argentine beef for decades, recently agreed to import a 20,000-tonne quota following the successful eradication of foot-and-month disease in Argentins. Buenos Aires claims the US is stalling on making good

Argentina also alleges that Washington is unfairly applying quotas to Argentine peanut butter and is using what it regards as dumping sportous allegations to block imports of seamless steel tubing. US diplomats accuse Argentines of "getting out their laundry list and

saying: 'All right, if that's your attitude, we're going to take you to the WTO too'." "We are talking with the US now to try to avoid reaching that stage [the WTO]," said Mr Guido Di Tella, Argentina's foreign

But neither side was optimistic that bilateral negotiations would be enough to resolve the

minister.



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Spain pressed on telecoms

By Emma Tucker in Brussels

The European Commission is pressing Spain to speed liberalisation of its telecoms sector, in order to give renewed impetus to talks within the World Trade Organisation on global telecoms liberalisation.

Brussels believes the move could galvanise Asian countries into improving their offer for telecoms liberalisa-

Under a previously negotiated deal, Spain was allowed to delay the opening of its telecoms market by five years beyond the January 1 1998 deadline agreed for most EU countries. But in recent weeks Mr Rafael Aria Solgado, the Spanish telecommunications minister, has signalled a readiness to abandon the delay.

Talks aimed at prising open world telecoms markets broke down last summer mainly because the US did not feel the offers from Asian countries were adequate. The US said this was partly because the European offers did not go far enough. It specifically mentioned

What we want to try to do now is get the US and the Europeans to simultaneously improve their offer on a totally conditional basis in order to galvanise the said a Commission

Spain is not the only coun-



Spain's Telefonica

try in the EU with a let-out on telecoms liberalisation. However, the EU is thought to have picked on Spain partly because of the size of its market, partly because it is the most likely to give way on the five-year let-out, and partly because of a related competition deal that is under scrutiny by Brus-

Mr Karel Van Miert, the competition commissioner, has warned that he may block Telefonica, Spain's national telephone company. from joining Unisource - an alliance of smaller European companies - unless Spain opens up its telecoms services and infrastructures to competition.

He is insisting Madrid agree to grant licences to new operators in 1998.

A selective history of leading City institutions

UK NEWS: A DECADE AFTER BIG BANG

Ten years ago this Sunday, financial deregulation swept aside centuries of City tradition and emptied the floor of the Stock Exchange. John Gapper analyses the effects of the Big Bang

Painful struggle back to centre of world markets

Ten years after the series of financial deregulation measures culminating in the "Big Bang" of October 27 1986, the City of London is once more the world's leading international financial centre. Yet regaining its 19th-century place in world markets has proved painful and costly for

in one sense, Big Bang achieved all that it was supposed to, in creating more open and liberalised markets and more modern investment banks in the UK. But the institutions that emerged from the struggle are overwhelmingly owned by overseas banks, and they have taken many of their techniques from Wall

To preserve London's role as Europe's dominant centre for modern finance, many City institutions have sought protection from better-capitalised and better-managed parents. For those brokers, jobbers and mer-chant banks that tried to survive in new forms, there have been many harsh lessons.

At the time of Big Bang - the last of a series of measures that started with the end of exchange controls in 1979 and the deregulation deal struck between the Stock Exchange and the Department of Trade and Industry in 1983 - many of the new City institutions simply had to hope for the best.

"We were jobbing on a Friday with pencils and paper, and on the Monday we traded with computers," says Mr Jonathan Davie. deputy chairman of Barclays' investment banking arm BZW. "We had constructed a jumbo. but we were not quite sure if it would clear the hedge at the end of the runway."

The idea was to end separation between jobbers, brokers and merchant banks, and allow UK institutions to take on US investment banks such as Morgan Stanley, These had already had 10 years' experience of deregulation as a result of May Day in 1975 - the US market's own Big

British firms found they had a number of inherited weaknesses: ■ Capital: Merchant banks had only small hidden reserves, and brokers retained little capital because they dealt on commission. The new institutions not only found they had little experience of committing capital in a sophisticated way, but there was

little to commit.



We had great fun living in a smaller, compartmentalised, local little world. Now everything has changed

■ Technology: Foreign banks that bought brokers, such as Union Bank of Switzerland, soon discovered years of under-investment in technology. "We had big difficulties with settlement, and we had to rebuild all the technology from the ground up," recalls Mr Rudi Mueller, chairman of UBS in London.

■ Management: The task of integrating different cultures in the three parts of newly integrated firms was huge, "It took a great deal of time, patience and sweat to identify and blend the best aspects of each firm, rather than falling into the trap of: 'We have bought you, so you will do what we say,"" says Sir David Scholey of SBC Warburg.

alties of mismatches between firms and failures to graft together. Among these were Citicorp's enormously expensive mistake in buying and then shutting the broker Scrimgeour Vickers. Having to grapple with such

There were notable early casu-

The practice was different. tasks meant that the few firms that had elected to remain inde-

pendent - notably the brokers

Cazenove & Co and merchant

banks such as N.M. Rothschild

and Schroders - gained a com-

parative advantage. "Big Bang gave us a huge opportunity," says Mr David Verey, chairman of the merchant bank Lazard Brothers, which did not integrate with a broker, "We were able to increase our market share by leaps and bounds, not because of our own brilliance. but because other people were

diverted. Yet in the past two years, the collapse of Barings and the takeover of S.G. Warburg have demonstrated how difficult it was for the new UK investment banks to prosper in global markets.

Mr Derek Higgs, a former vicechairman of S.G. Warburg, and the chairman of Prudential Portfolio Managers, says firms such as Warburg were handicapped by the head start given to US firms by earlier liberalisation. They also lacked the strong and sophisticated bond trading arms

"If London had deregulated before the US institutions woke up to the fact that there was such a place, then arguably the UK firms could have expanded more robustly," says Mr Higgs. "The average City employee in London had not worked in a world that gave him a broad range of exper-

The result of the upheaval of 1995 was two-fold. It made it clear that, to prosper in modern markets, firms could not remain medium-sized. It also galvanised a second wave of investment by overseas banks into London.

Mr John Kemp-Welch, chairman of the Stock Exchange and formerly joint senior partner of Cazenove & Co, says that Big Bang was "a brave, but brilliantly correct decision", despite some regrets for the past. "We had great fun living in a smaller, compartmentalised, local little world," he says. "Now everything

Where the big firms came from



Hoare Govett

Cazenove & Co SBC Warburg Rowe & Pitman de Zoete & Reva Grieveson Grant de Zoete & Bevan

Top five then and now...

Stockbrokers by number of clients

Advisors, LiK memors & accusitions by value

GRAPHIC BY BRANA RADOVIC, RESEARCH BY PEDRO DAS GUPTA

Morgan Grenfel Baring Brothers Lazard Brothers Kleinwort Benson SBC Warburg Goldman Sachs SG Warburg Morgan Star Hambros

Lead managers & book runners by market share

1986 (lead managers): 1995 (book runners) Memili Lynch Deutsche Bank CS First Boston/Credit Suiss Morgan Stanley

■ SHARE TRADING PAST AND FUTURE - By Nicholas Denton

in front of Mr Andy Ross, a marketmaker in the stocks of UK pharmaceuticals and chemicals companies at SBC Warburg, sits the new face of equity trading.

Among the 10 screens and squawk-box speakerphones able with the risks these crowded into his alcove, or "trading station", one especially large computer display has pride of place. It goes by the unromantic name of GDS, or generic database system, but it has transformed the way he deals.

GDS is an all-embracing risk control system which combines information on SBC Warburg's positions in different shares and derivatives. It adds the latest calculations of volatility - the amount prices move around - and correlations - the degree to which prices move in tandem. The result is a stockbrokers rather than measure of the potential loss to SBC Warburg if an individual share declines, or if different As a "blue button", the market crashes. GDS allows SBC Warburg

More comfortable about risk

customers and feel comfort-At the age of 36, and work-

ing at one of the most sophisticated equity trading operations in London, Mr Ross has seen it all. The City was a markedly different place in 1982 when he joined Akroyd & Smithers, one of the distant antecedents of the modern SBC Warburg. Before Big Bang, stockjobbers such as Akroyd & Smithers could act only in a single capacity. Trading from hexagonal pitches on the floor of the Stock Exchange, jobbers dealt with directly with investors.

The culture, too, was very or trainee dealer. Mr Ross was expected to run errands

to execute large orders for for his elders. His course in business management at the changed. The trading floor London School of Economics was not to be boasted of in front of traders who valued . ceilings, concealing a thicket guts rather than intellect.

Superficially, little has don street market to a secuon which Mr Ross sits has the same oppressively low of computer and telephone The structural change cables. When the air condi-

Big Bang: London, October 27 1986

Physical trading of shares on the floor of the London Stock Exchange replaced by market-makers trading by telephone

· End of the separation between brokers - which sold shares for shares on the exchange

Fixed commissions for brokers abolished, allowing firms to compete Membership of Stock Exchange transferred from individuals to firms

when traders moved from can heat the room up to 25C. the Stock Exchange to huge open-plan offices. Prices were shown on screens and traders, used to eye contact, archetype of the barrow boy had to get used to dealing on

came with Big Bang in 1986 tioning fails, the equipment Traders still shout across the open-plan floor, or into the squawk-boxes. Nor has the the trader who could

rities trading floor - given way entirely to the cerebral mathematician. For Mr David Balls, the 31-

year-old co-head of UK equity trading at SBC Warburg, the "rocket scientists" have their place. But they cannot supplant the born trader. "There are just some people who - whether it's ed records or securities will always make money buying and selling things." And the traditional camaraderie of traders is as important as ever. "I've got no time for anyone who is not funny," says Mr Balls.

Nevertheless, the pace of another trading house. change is accelerating. Booking a stock trade, which used to take 14 keystrokes, can now be achieved with two clicks of a mouse button switch with ease from a Lon- on one of the GDS terminals.

working harder, taking lunch at their desks rather than slipping out. As efficiency

Marketmakers are also

marketmaking team has shrunk from 60 a decade ago to 20 after the takeover by Swiss Bank Corporation. Survivors such as Mr Ross have been those with the capacity to learn.

The role of computers will increase further next year, when the Stock Exchange's new system of order-driven trading comes into operation. In the new trading environment for the top 100 stocks, investment banks will enter a buy order into the computer system, which will automatically match it with a sell order from

"I think the change is as big as 1986, if not bigger," says Mr Balls. A decade after the first Big Bang, many marketmakers are now pre-

"Everyone had these

Mr Carr's memories are

different: "It was all a bit of

an anti-climax - things

worked. Looking back on it,

changes to come, for exam-

ple when the Financial Ser-

vices Act was fully imple-

than other sides of the stock-

broking business.

But he acknowledges that

mented."

know how to drive them."

On a switchback As efficiency has improved. Warburg's UK marketmaking team has ride of mergers and demergers Sir John Craven, chairman similar combinations of mer-

of Deutsche Morgan Gren- chant banks, brokers and fell, has lived Big Bang to jobbers. Of the 30 City mergthe full. He advised on many ers that took place in the of the formative mergers of run-up to Big Bang, he estithe mid-1980s, went on to mates that Phoenix Securi-close the securities ties, the corporate finance operations of Morgan Grenfell later in the decade and then built them up again in the mid-1990s in collaboration with its parent Deutsche Bank Along this switchback

ride, he has occasionally faced the charge of inconsistency. How can one who helped gain £100m for the partners of Wedd Durlacher Mordaunt have warned other banks against overpaying for jobbers? How can he have closed one securities operation, and then founded

Sir John, a forthright man who worked for S.G. Warburg in the 1960s and the eurobond house Credit Suisse White Weld in the 1970s, rebuts the idea. "People havehigh-powered, revved-up asked me: Did you make a cars and some of them didn't mistake?"," he says of his 1988 decision to pull out of securities, "and my answer to that is: 'No, not at all."

The move did more than throw 350 staff out of work tegic thinking about the It also ended the lives of broker Pember & Boyle and job-leading role in many deals. ber Pinchin Denny, which "When acting for inches were bought by Morgan or jobbers, we always tried Grenfell in the run-up to Big to get the partners to focus Bang. As such, it was an on longer term issues such private client management abrupt change from the Big as the strengths and weak may have retained more pre Bang vision of integrated UK ness of the banks they would a Big Bang characteristics investment banks

"It isn't as fun as it used by stage basis, because a lot to be; you have to work far crash, which undermined lar," he says. Morgan's hopes of building a Yet he argues that in a few first-class securities arm. cases - particularly War-23m a month. It took some and Pitman and Akroya & decisiveness, but not a great Smithers and the creetler of deal of intelligence, to see it BZW - the full was worthwas not something we could while. For those that took sustain," he says. good firms, and integrated

decisions. At the same time Daytona," says Mr Harkness. club they ever belonged to." devoted to the formation of hell of a lot, "he says."

boutique he founded in 1981,had a role in 20 Many banks overpaid for

their acquisitions - of the £109m that Barclays paid for



What matters is not the firm's nationality, but what the owners do with a it, where the dividents go, and where the jobs

Honst

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are created Wedd, £100m went to the partners. Sir John accepts that greed, rather than strafuture of the City, played a

join. I am bound to say it The decision to leave the was not always possible to securities business came in convince them to think of the aftermath of the 1987 anything other than top des-

"By mid-1988, we were losing bury's acquisition of Rowe Yet Sir John's career in them properly it was money the early 1980s had been well spent, even if it was a

THE PEOPLE - By George Graham

It was 'absolute hell with a wooden floor'

Much has changed in the City of London in the ten years since Big Bang but there are still many who started as "blue button" apprentices on the Stock Exchange floor.

While some have regrets about the passing of the old ways, the nostalgia is distinctly muted and coloured by a feeling that many of the changes have been for the better.

"Professionalism in all areas has improved markedly, and not before time," says Mr Fred Carr, who before Big Bang was a partner at the stockbroker Capel-Cure Myers, and today runs Carr Shepherds, a private client business.

Mr Carr has few fond memories of the pre-Big Bang trading conditions, which he recalls as "absolute hell with a wooden floor. You'd come back to the office at 3pm and blow your nose, and clumps of brown wood dust would come out".



'It was a bit like going to Daytona, Everyone had these high-powered,

revved-up cars and some of them didn't know how to drive them

But Mr Leslie Kent, an analyst with MeesPierson, remembers some of the

instinctive flair of the old "Some of these old guys could walk through the door, take a sniff of the air and tell you whether the market was

going up or down," he says.

and the computer screen and away from the face-to-face dealing of the old Stock Exchange, few believe that he says. has taken the physical contact out of the City.

"A lot of people have compensated for that. The one thing you will find is that there are just as many pubs and bars in the City as there were before," comments one broker.

"Maybe some of the characters have passed to the Liffe [futures] market," suggests Mr Euan Harkness, now head of gilts at BZW, the investment banking arm of Barclays Bank.

Mr Harkness began his career with a discount house, and at the time of Big Bang was a partner with Kent. stockjobbers Wedd Durlacher, one of the firms which made up the kernel of today's BZW. Looking back, he recalls a more leisurely working day and a less Although trading has demanding market.

"It was a lot more relaxed. When I started people didn't get in till 10 o'clock. I get up at 5.20 in the morning now,"

"The gilt market then was effectively two jobbers. You were looking at the UK in isolation. Now when you're trading any of these fixedinterest markets you are trading five different economies," he says.

In the research departments, which have grown spectacularly in size and influence in the last decade. the changes have also been marked. "My spreadsheets 15 years ago were loads of bits of paper sellotaped together. Nowadays I've got data on computer going back to 1986 on 150 companies," says Mr

The transition from the old partnerships to bank ownership brought new management patterns. Many brokers found banks too slow at making investment

many were surprised at their lavish spending on a business they did not seem to understand.

"I was amazed at the banks' attitude to cost control," says Mr Carr, who recalls the bankers' surprise that stockbrokers would there were much bigger share a hotel room on business trips. "That saved £120 a night, and on a three-week trip that was a lot of money," he says.

Memories of October 27 1986 are mixed. "It's a date which is

engraved on my heart," says Mr Kent. "I feel it should have been done on a stageof the smaller brokers were left flat-footed and a lot of the big houses made mis-

Many dealers had gone to the US for training in the new systems, but when they came back there was still a lot to be learnt.

"It was a bit like going to and to some it was the only

longer hours, it's far more stressful, but you do get paid a lot of money. In the private client business I suppose we have much more of a life akin to what it used to be in the City, and we choose to keep it that way. I suppose to some people it was a club,

Concern over BSkyB sports deal

By Raymond Snoddy in London and Emma Tucker

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Regulation of

Mr Karel Van Miert, the European Competition Commissioner, last night said he planned to look into British Sky Broadcasting's four-year 2670m (\$10m) deal to show English Premier League soc-

Radio Five Live programme Inside Edge that he was worried about the deal. "We have a lot of questions which we need to sort out as rapidly as possible. We must

number of people are events," the commissioner

We have to question for how long companies are allowed to own these rights. If there are only a few very big companies left having the financial power and having the strength to buy all the interesting broadcasting er maunities.

Mr Van Miert told the BBC rights, then something is wrong. They can acquire a dominant position."

Asked if he would intervene in the BSkyB deal Mr Van Miert replied: "We certainly will. We certainly will.

allowed to see sporting rights will be in such a dominant position that they are going to impose the rules." Mr Van Miert added: "We have to look into the deal, and also the duration of the contract. The sub-licensing system is of importance, and eventually the dominant position a broadcaster might

> have to deal with it." Exclusive soccer rights are the cornerstone of BSkyB's business, and Sky Sports 1 is one of the satellite group's most popular channels. According to recent ratings the channel is the most

acquire in the market. We

is that those acquiring the watched satellite channel in homes with cable and satel-

BSkyB last night accused the BBC of a "a blatant distortion of the facts and a sad commentary on the declining standards at the BBC". Mr Van Miert also issued a statement saying that a dis-tinction had to be made between the need to watch closely all such deals, and formal investigations.

"Such a formal investigation is presently underway as to the Dutch sports channel, especially as regards the seven-year duration of the contract and not as far as

the BSkyB-Premier League is concerned," Mr Van Miert's office said.

The Commission's determination to look at the BSkyB contract, Mr Van Miert said, was part of a more general monitoring exercise related to the overall phenomenon of exclusive rights on sports

It looks unlikely that Mr Van Miert plans to launch a formal investigation of the BSkyB deal, which was won in competition with two other bidders.

Lex, Page 16

make sure the maximum And what should not happen Big holiday operators await judgment

Regulator set to decide whether business is conducted along the lines of fair trade their brochures. They also

s Yvonne Holmes, owner of Classic Travel, a small travel agent in Loughton, Essex, is sanguine about competition from Lunn Poly and Going Places, the massmarket tour operators which have opened in the town centre since she started her business 12 years ago. "I'm not frightened of

them. We are professional travel agents; they are holiday shops," she says, sitting by a window displaying an award from Travel Weekly, the industry publication, for best independent agent 1996. But like many independent travel agents, she is angered by what she sees as lack of fair play in the business. The number of independents has declined by more than a quarter since 1990, a trend which they claim

could lead to domination by big retail chains and less choice for consumers. The Office of Fair Trading is likely to announce next week whether it intends to refer the package holiday industry to the Monopolies and Mergers Commission. The OFT cleared the industry of anti-competitive

Its investigation is now complete but its length - it lasted more than a year has given independent com-

behaviour two years ago but

promised to review its find-



Shrinking number of travel agents* Of the 1706 departures,

Companies	Loss	76
2965		
2914	51	(1.7)
2748	185	(5.7)
2712	36	(1.3)
9572	140	(5.2)
	911	(8.6)
25 to 3		
	2965 2914 2748 2712 2572 2430	2965 2914 51 2748 188 2712 36 2572 140 2430 142

panies the heart to believe that the OFT's new directorgeneral, Mr John Bridgeman, may be tougher on the bigger companies than Sir Bryan Carsberg, his prede-

The industry is divided over the inquiry. In one corner are Thomson and Airtours, the biggest tour operators which own the two biggest travel agents respectively Lunn Poly and Going Places. They account for almost half the package holidays sold. The companies argue that

not be regarded as anti- divided on one important competitive since there is healthy rivalry in the industry leading to frequent dis-counting. If the independents get their way, holiday prices could rise by as much as 20 per cent, claims Thom-

The operators also dismiss as ludicrous the suggestion that they offer limited holiday choice, given the everincreasing range of destinations on offer, and they argue that the independents are trying to protect themselves from competition. But dent tour operators in the two companies are exchange for displaying

say that consumers should be told that staff are paid incentives linked periodically to the volume of of selected tour

Mr Colin Heal, the chairman of Artac WorldChoice. which represents 600 independent travel agents, said: "Many people still don't realise that if they book through one of the vertically integrated groups, they will almost certainly be sold one of that company's own holidays, fly on one of their planes and, to obtain a discount, be required to take out compulsory high price insurance."

The OFT is likely to focus on three main areas: The way travel agents link holiday discounts with the purchase of travel insur-

 The way big companies choose to disclose the strength of the tie with their parent company.

The way in which tour

operators set commission levels to ensure their brochures appear on the travel agents' shelves.

But whatever the outcome of the long-awaited review, one thing is for certain; the industry will be divided for a long time to come.

Scheherazade Daneshkhu |

Stamp duty exemption extended

By David Wighton, Political Correspondent

The City of London yesterday gave a broad wel-come to the government's decision to extend the market maker's exemption from stamp duty to all intermediaries trading on UK or European stock exchanges.

The move clears the way for the abolition of the special status of market makers introduced at Big Bang, 10 years ago. Large market makers said they were pleased that the government had responded to their concerns about restrictions on the exemption.

When the proposal was first put forward in July, the government suggested that relief should be confined to shares that were bought and sold within a set period. But in a House of Com-

nons statement vesterday, Mr Kenneth Clarke, the chancellor of the exchequer, said the Treasury had concluded this would not be necessary. Mr Clarke said it would impose additional compliance costs on firms and encourage a new type of tax-driven trading. Yet it would do little to protect the revenue from stamp duty on shares.

He said the new regime was expected to deliver roughly the same yield from stamp duty on shares which currently brings in about £1.3bn (\$2.02bn) a year.

The Stock Exchange welcomed the change which will underpin the development of new markets operating without market makers. The move also has the

backing of the Securities and Investments Board, which believes it will encourage liquidity on new markets such as Tradepoint, the equity screen-based exchange.

Although the changes are expected be to revenue neutral, the chancellor warned that he was taking reserve powers to impose a non-zero rate of stamp duty on share

BUSINESSES FOR SALE

UK NEWS DIGEST

Multi-speed EU plan attacked

Mr Malcolm Rifkind, the foreign secretary, yesterday set the UK government on a collision course with France and Germany over their proposals for a "multi-speed" Europe, in which groups of European Union countries could move faster than others towards integration.

On the second day of Commons debate on the governments' last legislative programme before the election, Mr Rifkind acknowledged that the EU would acquire a more "flexible" structure, with different countries co-operating in respect of varying projects. However he also voiced concern over Franco-German proposals, launched earlier this week, to establish a framework for such flexibility. These will be discussed at the intergovernmental Confer-

ence on EU constitutional reforms. Mr Rifkind said any proposal to create a core of countries more closely integrated within the EU institutional framework should only go ahead "if all 15 states can agree". The UK could veto the Franco-German plan since all IGC reforms require unanimity.

■ MAD COW DISEASE

Need for beef ban 'reinforced'

Mr Franz Fischler, the European agriculture commissioner, said yesterday that new evidence that mad cow disease could be transmitted to humans reinforced the need for a continuing ban on British beef and a further

Research published this week by a team from London's cull of cattle. Imperial College found that a new variant of a fatal brain disease in humans, Creutzfeldt Jakob Disease, left chemical traces similar to bovine spongiform encephalopathy or mad cow disease. The European Union banned exports of British beef in March after the British government announced a possible link between the two diseases. Mr John Major, the prime minister, said yesterday

Britain had already taken measures to counter the possibility that BSE could spread from contaminated beef to humans. A Commission official said the evidence did not suggest that "further precautionary measures" were needed. However, if the EU's veterinary committee recom mended that further action should be taken "we will do Financial Times Reporters

■ UTILITY REGULATION

Call for decisions to be more open

The Confederation of British Industry yesterday said that the regulators of utilities should conduct their business in a more open way and reach decisions after consulting an advisory board of experts.

The UK's largest employers' lobby said, however, it thought the RPI-X method of price control had worked well and it rejected calls for its abolition in favour of

other forms of financial control over the utilities. Mr Peter Agar, deputy director-general, said RPI-X was not perfect, but "it has been effective in achieving benefits for customers and for providing the right sort of

incentive for the utilities to reduce costs. The comments came as the CBI published a discussion paper on how to regulate the regulators.

It comes a week before the Commons trade and industry committee begins hearings into the work of the regu-Simon Holberton Editorial Comment, Page 15

Air price review

By Motoko Rich in London

Price controls on landing and take-off charges at minus four percentage Heathrow, Gatwick and points. Stansted should provide BAA, the airports operator, with about £230m (\$359m) of funding for the building of a fifth terminal at Heathrow

The Civil Aviation Authority yesterday confirmed market expectations as it announced that it would restrict price rises at Heathrow and Gatwick to no more than three percentage points below inflation over the next five years. This would provide BAA with an average return on capital of 7.5 per cent and funding for its investment in Terminal 5.

Shares in BAA rose 15 pence to 519%p. The CAA said it would permit BAA to raise its charges at Stansted, the smallest of its London airports, by one percentage point above the retail price

index The CAA has endorsed recommendations made by the Monopolies and Mergers Commission in July. The new caps represent an easing of the current regime, general election.

under which increases in charges have amounted to an average cap of inflation

Under the new formula which is subject to an annual review – the CAA said prices at Heathrow should rise at least one percentage point ahead of price increases at Gatwick, because the bulk of capital investment would be at the west London airport.

If the public inquiry into Terminal 5 led to it being scrapped - or a Labour goveroment put it out to tender - the CAA could adjust the price caps to changes in BAA's investment needs before the five-year period elapsed. BAA will be allowed to recover £55m in lost profit due to the abolition of intra-EU duty and tax free allowances in 1999.

 The Department of Transport is expected to confirm within the next few weeks that plans to privatise Britain's air traffic control service, a move which could raise £600m for the Treasury, have been postponed by the government until after the

Ruling on VAT boosts Terminal 5 refunds hits gilts

Financial failure

Merger/Takeover

Closed(Not Financial

By Jim Kelly, Accountancy Correspondent

Argos, the catalogue retailer, was overtaxed by £1.4m (\$2.2m) on special discount offers to customers and will be refunded follow- pounds. ing an unexpected ruling yesterday from the European Court of Justice.

The ruling, and a similar one in favour of Elida Gibbs, the personal products manufacturer and Unilever subsidiary, which claimed £880,000, overturned an expert opinion given by the court's own advocate gen-

eral in June. Customs and Excise said the ruling would apply to some other companies making similar VAT claims and could cost the exchequer £70m. The Treasury indicated earlier that total refunds could reach £200m. Customs said its lower fig-

ure was based on the government's recent decision to limit back claims on VAT to just three years, rather than retrospective allowing retrospective claims to 1973 when VAT was introduced. amount refunded to Argos cent.

which

and Elida Gibbs. The government decided to impose the time limit to protect the public finances from flood of VAT claims which could have reached several hundred million

issue. While Thomson denies

that Lunn Poly favours its

holidays, Airtours admits

that Going Places promotes

In the opposite corner are

the independent holiday

companies, many repre-

sented by the Association of

Independent Tour Operators

and Artac WorldChoice

trade bodies. They say that

the big companies operate

restrictive practices because

they demand high levels of

commission from indepen-

its holidays first.

However, the time limit is being challenged in the courts and faces opposition from industry when the government tries to enshrine it in law in this year's finance UK government bonds fell

sharply following the court decision amid rumours about the potential impact on government finances ahead of the Budget. "Because the whole situa-

tion is caught up in legal wrangling, it creates an ideal scenario for rumourmongering," said Mr Huw Roberts, a bonds strategist at NatWest Markets.

The December long gilt futures contract traded at Liffe, the London futures exchange, fell by 0.15 on the day to settle at 109.10. In the cash market the benchmark 10-year gilt fell by 4 to 99%, and its yield rose The decision will cut the eight basis points to 7.63 per

The privatisation of

Clare Bellwood 0171 873 3234

The Department of the Environment ("DOE") is offering the Building Research Establishment ("BRE") for sale by cender.

 International reputation as a major centre of research and information on construction, the built environment and

advice to the DOE, as well as other parts of the UK public sector and the private sector.

 A turnover of £40.5m for the year ended 31 March 1996. 693 full and part-time staff. Many of the researchers have

The majority of staff are based at Garston, Herdordshire. The site houses offices, specialist test facilities, and scientific and laboratory equipment. There is also a major test facility at Cardington, Bedfordshire and a laboratory at East Kilbride.

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The assets include the freeholds of Garston (25.9 hectares) and Cardington (8.24 hectares).

The Department's objectives for the sale are to secure the continued provision of high quality, independent and impartial research and development and advice, at good value for money, that meets the requirements of Government and industry and is responsive to the commercial needs of industry; to transfer the Establishment to the private sector by the end of February 1997; and to optimise the net proceeds to the taxpayer.

Further information about the business will be made available to enquirers subject to a confidentiality agreement and pre-qualification. Those wishing to receive such information should contact:

Price Waterhouse Corporate Finance Financial advisors to the Department of the Environment on the sale,

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LEGAL NOTICES

BRITANNIA LIFE HOLDINGS
LIMITED

A Pention has been presented to the court of Session in Edinburgh by Britannia Life Holdings Limited, a Company encorporated under the Companies Acia, and having its Registered Office at Britannia Court. 50 Bothwell Street, Glasgow, G2 6HR, for confirmation of reduction of its share capital. The Court has now made an order in this Petition in the following terms:

"Einburgh, 22nd October 1996.
The Lords appoint the Petition to be minuted on the Walls in common form and to be advertised once in the Edinburgh Gazette and once in cach of the Financial Times and Hersid newspapers and appoint all parties estaining an interest to lodge Answers thereto. If so advised, within 21 days after such intimation and advertisement.

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C candex Capital Management, a company whose customers lost more than £1m (\$1.56m) on high-risk currency trades before a clampdown by British and Danish regulators. was not a one-man show.

In the course of proceedings brought by Britain's Securities and Investments Board, Scandex and Mr Jeremy Bartholomew-White, its managing director, bave given undertakings, until trial, not to conduct unauthorised investment business, make misleading statements or make "cold calls"

in the UK. Although Mr Bartholomew-White was in the spotlight this week as he appeared in the High Court in connection with the SIB action, Scandex's day-to-day operations, which included sales of shares as well as foreign exchange trading, relied heavily on Mr Ian Farrell and Mr Adrian Jewkes.

months and we hardly ever saw Jeremy Bartholomew-White," said one former Scandex salesman. Another who was in Copenhagen for a month said: "I never met him." Mr Bartholomew-White said in court he was now the "sole director" of Scandex and that letters to investors were written in his name. But he rarely visited Copenhagen, according to a former salesman, while "Far-

rell and Jewkes were there every week without fail. They usually came on Tuesday and left on Friday." Mr Bartholomew-White and the two men themselves describe the role of Mr Far. rell and Mr Jewkes as "consultants". All three had been

shareholders in Scandex. although Mr Jewkes said yesterday he no longer had a beneficial interest. Mr Farrell was Mr Bartholomew-White's co-owner and fellow director at Euro

Scandex chief had help at the top "I was there for seven Currency Corporation, a UK number of Euro Currency. foreign exchange company ceased trading in April. Of Mr Farrell's role at Scandex, a former salesman said: "He was the top man. He ran that company lock,

stock and barrel." But Mr Tom Sherston. Scandex's foreign exchange trading manager, said yesterday: "Jeremy Bartholonew-White was always the person who made the ultimate decisions." Mr Farrell often had to consult Mr Bartholomew-White, he said.

Mr Jewkes was responsible for the share sales division of Scandex, where the size of customers' potential exposure has not yet been established. He is chairman of Park Equity Services, a financial intermediary based in Tunbridge Wells, Kent. He was also a director, with Mr Bartholomew-White,

of Anderson Ross, a cur-

rency trader which took over

the offices and telephone

Both had left the board before Anderson Ross withdrew its application for authorisation by the Securities and Futures Authority. Mr Jewkes said Scandex

was a professional client of Park Equity and had bought stock from it on occasions. Park Equity and Scandex were "entirely separate companies with different shareholders and they dealt at arm's length with each other," Mr Jewkes said, Park Equity itself had not been involved in Copenhagen.

Park Equity's customer lists were "almost certainly used by Scandex/Anderson Ross. Employees who left were free to take such lists with them under their terms of contract and some did join both Scandex and Anderson Ross," he said. Mr Farrell was not prepared to talk to the FT yesterday.

Clay Harris

■ Headquarters: by Simon London

Small is the fashion for head offices

become a substantial overhead in recent years

The Grosvenor Estate, which owns large tracts of central London, will soon start the redevelopment of Hobart House, a 1930s brick building overlooking the gardens of Buckingham Palace.

in the past the developer would probably have aimed at putting up the largest possible building consistent with the planning regulations governing the sensitive

But the new Hobart House will sacrifice floorspace for flexibility.

Although it looks like a single block from the outside, the building is designed to cater for several occupiers sharing common facilities. grouped around an unusually large central atrium.

Dick de Broekert, Grosvenor Estate development director, says the design is the result of research which



Andrew Gould: communication rather than bureaucracy

ء الغسافية

Surplus space has shows that large companies are looking for smaller, more flexible head offices.

Companies recognise that a smaller corporate centre cannot support dedicated services such as staff catering or conference facilities. One solution is to share these facilities among a number of tenants in a single building, he says.

Andrew Gould, head of consulting at Jones Lang Wootton, the chartered surveyors, points to two parallel trends among corporate

First, head offices are becoming smaller and acting as control centres for operating business

These compact offices are likely to be located in prime locations in central business districts, enabling senior managers to mingle with

Examples of this reduced head office function might include the small Mayfair bead office occupied by Zeneca, the pharmaceuticals company which demerged three years ago from from ICI, the chemicals group.

The second trend is that companies are recognising the value of consolidating operating company management into single buildings to encourage greater communication between business units.

"Buildings are increasingly about communication rather then bureaucracy. The days of offices as paperfactories are over," says Mr

The financial services sector is already well advanced with consolidation. Financial institutions such as Citibank and Merrill Lynch, which until recently occupied a number of dispersed locations, are now favouring a single large headquarters.

Industrial and commercial companies are starting to pick up on the trend. Peter Cole of Hammerson,

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Look into the future: Hammerson is building a 200,000 sq ft block designed for either a single tenant or floor-by-floor letting at Globe House overlooking the River Themes in London

the property development company, believes that occupiers are much more flexible about location for this new generation of big buildings.

The traditional central London business districts will have to compete with outlying areas such as docklands and the western corridor, stretching out to Heathrow airport.

already been dubbed "brand avenue" because a large number of international consumer goods companies have taken buildings in the area. Recent examples include Disney, the US entertain-

provide new buildings which The western corridor has are flexible enough to accommodate either a large operational headquarters or a number of smaller corpo-

rate centres.

At Globe House, overlooking the Thames, Hammerson is building a 200,000 sq ft ment group, and Seagram, block designed for either a

nections - essential for com-

London, the challenge is to

and facilities for staff.

the Canadian drinks and single tenant or floor-bymedia group which last year floor letting. leased the futuristic Ark Unlike the new Hobart building in Hammersmith.

House, the floorplan is conventional, with only a small Such companies demand good access to transport conatrium to bring light into the building. But each 20,000 sq ft floor has been designed to munication-oriented offices allow sub-division or sub-let-For developers in central

Similar flexibility is already paying off in other buildings. In the City of London. British Land, the property company, has failed to find a large single tenant for its 160,000 sq ft Corn Exchange development and is now considering whether to move to a floor-by-floor

Hammerson hopes that the flexible design of Globe House will help attract a single large tenant because surplus space could be sub-let rather than lying vacant. Surplus space has become

Similar problems could be avoided in future by designing buildings which can be divided in a number of dif-

a substantial overhead in

recent years for UK busi-

ferent ways. In addition to flexibility, companies are also interested in the operational efficiency of their buildings. For most companies, this means

large floors which can be

arranged in a variety of dif- enabling 150 to 200 staff to ferent lay-outs. Research shows that the 'gle level. Investment banks rate of "churn" - the num-

minimised by designing buildings which are easy to With this in mind, many developers now use space planning at an early stage of the design of a new building. A buzz-phrase among all ten-

ber of times employees move

desks - has been rising fast

since the mid-1980s. The cost

of this constant flux can be

plate efficiency Non-financial companies tend to view floors of about 20,000 sq ft as optimum size.

ants and developers is "floor-

be accommodated on a sinwill take floors of up to twice this size to accommo-date their dealing operations.

Hammerson was willing to incur additional costs to reduce the number of internal columns on each floor of Globe House, It hopes this will make it easier for tenants to arrange the space and make the building easier to let.
"Three years ago most cor-

porate occupiers were still cost-cutting. Today, they are looking for efficiency," says

■ In and out of town: by David Lawson

parks are still popular

Most towns cannot accommodate for modern

buildings property industry as the govguidelines this summer which made plain the com- in going out of town." mitment to restrict develop-

excitement than despair. "It is all much too late." savs Simon Ives, of surveyors Chesterton. Councils around the UK have already office parks to last them for the rest of the decade. Where shortages do occur, it will existing sites rather than into centres

The problem is that most towns cannot accommodate large office users looking for modern buildings. Well-located sites are like gold dust and the surplus of vacant space built in the boom has dwindled to vanishing point. Little new development is is still scarce.

In any case, many busiin centres. They have grown

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over the past decade. "This large users looking will continue to make medifficult for town centres," will continue to make life says Mr Ives.

The professions, banks and a number of institutions A shiver went round the still prefer central locations, but those less traditional ernment issued planning and possibly more pragmatic see substantial advantage

ment outside town centres. have recently emerged in the and hold, staff. That is But it was more a feeling of economic cauldron west of almost always away from London, where electronics companies have renewed the spectacular growth rate of the 1980s. Microsoft has bought more than 30 acres designated enough land for on the Thames Valley Busi- ate the general rule. Even ness Park from Argent. This gives space for a new 250,000 has 200,000 sq ft blocks availsq ft headquarters plus merely push up the value of elbow room for twice that least until Canary Wharf amount in future expansion. force big businesses back. Novell has matched its fierce rival by spending more than £20m on a site at Arlington's business park in Bracknell to replace its town centre

The trend away from town centres a decade ago was linked to costs. Rents were soaring: so were local Angus McIntosh, head of authority rates. Today, rents research at Richard Ellis. He taking place because funding are often higher outside towns than in the centre across much of the country. nesses no longer want to be Even in London the gap has narrowed. Latest lettings on used to the airy spaces and Stockley Park near Heath-

glossy buildings that have row are more than £26 a sq sprung up on business parks ft. That is still well below the £45 Richard Ellis is quoting as top rents in the West End but higher than the depressed mid-town area of

days revolve less around headline costs, however. Companies are more concerned about getting the right quality space in sur-Some classic examples roundings that will attract. town centres. Notable excep tions such as Brindleyplace, Birmingham, and the potential GMEX redevelopment in Manchester merely accentu-London Docklands no longer able at the drop of a hat - at gets into a new development

chapter. Investors are gradually growing disenchanted with city centres and just not providing the space for busisses to shop around. But that is only a reflection of what is happening among occupiers, according to points out that big question marks hang over the future of offices as tenants reduce space demands.

New technology brought the first wave of staff cuts.

Outsourcing of catering. cleaning, transport and other non-core services will streamline organisations even more. The rump left is likely to use space more intensively as techniques such as hot-desking and Location decisions nowahomeworking are intro-

So there are likely to be

Across much of the country, rents are often higher outside towns than in the centre

fewer large corporate build-ings in future. Those that are built will be commissioned by companies rather than picked off the shelf partly because businesses are now more sophisticated in their demands but also through a lack of funding for speculative development. These buildings are also

more likely to be on parks where planning permission has already been granted. The exception could be in large redundant blocks in town centres where renovation is possible to a high

crucial advantage of generous car parking provisions which were set back in the days when no-one had heard of the ozone layer and global warming. Today, an occupier would be lucky to get even the much-reduced number provided in local plans.

Instead, there are numer-ous examples of councils not only restricting parking below their own standards but demanding payment for

the "phantom" spaces as a contribution to local facili ties. This sends out bad

rather than solving town centre problems, says Mr Ives. He cites Leeds, which insists on only one space for approximately 2,000 sq ft of lettable accommodation roughly one for every 16 to 20 people.

their desire to reduce pollution but there is simply no alternative to the car," he says. The trains were seen as unreliable and the old busesclanking around the city felt to produce far more noise

and fumes than any cars. Even planned improvements such as park-and-ride would not satisfy the typical available to meet their business executive who faces wishes.

standard. These have the a wet February morning at a bus stop rather than the warmin of a BMW. Set this against the gener-

ous parking provisions already granted to business parks and it seems inevitable that companies will look outside town centres for new This will polarise property

values in favour of flexible. modern space which is easily accessible by car and leave behind those in marginal locations. Ine cha

"marginal" from city fringe vibrations to companies to city centre could have a already smarting from traumatic impact on many tighter restrictions on areas ironically, this is the very reason why the govern-This is compounding ment has come down so heavily on green field devel-

It was ostensibly aimed a preventing shopping centre draining the life from town centres. But the "sequential" test - involving looking at all central options before People:
"One sympathises with gradually working outwards eir desire to reduce pollu- also applies to other build-

> The problem is companies looking for large new property have an escape route already prepared. Blocking that will require a lot more involvement in raising standards in city centres. Even then, the space may not be

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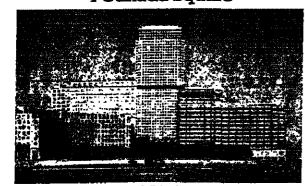
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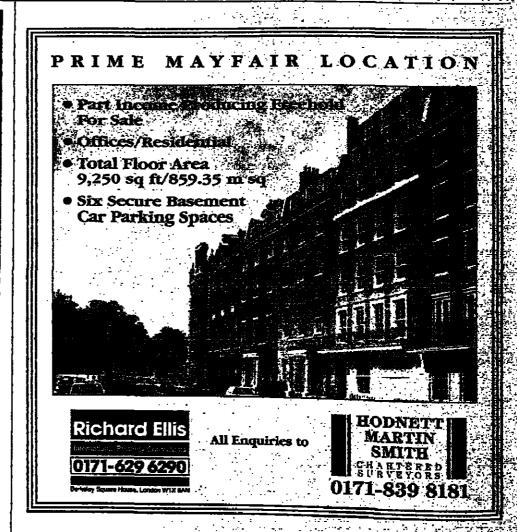


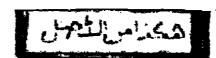
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E Strategies for surplus space: by Christine Moir

Ior manoeuvre

Many companies have only a hazy picture of heir property

holdings

ESTORY OCTUBERS

One consequence of the corpliate management fash-ion for dewnsizing, delayering disserring and general creation of buildings surplus to requirements. When, as now, that trend has coincided with a long and deep recession the stock of sur-plus space becomes a d phenomenon.

managements just bite the bullet when it happens and try to offload each surplus building as best they can, A few, however, are learning that it is possible to devise a corporate property management strategy which reduces the cost of exiting from a property or may even eliminate the need. Property consultants

advise starting with the creation of a property database covering all buildings owned or leased, together with detailed profiles for each. These might include: the lease structure, rent bill and lease breaks any environmental liability (for example, redevelopment of the Department of the Environment's headquarters in Marsham Street, London SW1 is complicated by its being on the site of an old gas works), present and prospective occupancy levels and local demand for similar proper-

However unlikely it may seem, many companies, particularly multinationals. have only a hazy picture of their property holdings, eccording to James Holling-

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ton of Healey & Baker's corporate services unit. Property management is typically delegated to the individual plant manager. The country manager may have a fair idea of which buildings come under his/ her jurisdiction but the group board is unlikely to have any detailed picture. especially where there have been cross-border acquisitions of long-running, tronble-free businesses.

Building a picture of the property portfolio at once increases a company's flexibility. If the building which becomes surplus proves to have heavy exit costs compared with others held by the company (an unfavourable lease break date, perhaps, or low demand by possible future occupiers) it may be possible to release another building with a better resale or sub-letting pro-

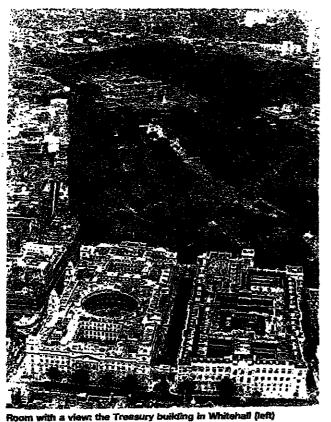
Seeing the picture as a whole also allows the board to judge more accurately just how effectively they are using their properties. It may be that more than the immediate building is under-

Co-location on one site by two or more formerly freestanding operations may reduce costs.

It may be possible to relocate certain functions to cheaper areas (or even cheaper countries). This could allow the company to release prime properties on to the market.

Companies able to see beyond the individual building may be able to time the release of redundant properties to maximise their attrac-

In a weak market this may still result in unpalatable



Specification: by Simon London

Space planning

has encouraged

statement buildings, the

1990s is an era of understate-

ment. This is reflected in the

outward appearance of new

Glamorous buildings -

famously described by

Stuart Lipton, the developer,

as offering "maximum mar-ble, minimum value" - are

certainly out of fashion with

tend to use steel, glass and

stone rather than marble

and polished granite. While

many buildings still include

an atrium, its principal func-

tion is now to bring daylight

into the building rather than

to accommodate hanging

tle changes have taken place

in the way in which office

buildings are constructed.

The use of space planning

has encouraged developers

to build wider buildings,

which in theory allow more

efficient use of internal

additional cellular offices.

Wider buildings demand

Chris Stickland, develop-

Beneath the surface, sub-

gardens and fountains.

Today's landmark offices

corporate occupiers.

developers to

build wider

buildings

specification.

m McKee: not all buildings

options but at least the company will be taking the best decision under the circumstances. Thus, when Marks & Spencer re-organised and modernised its distribution operations some 18 months ago, it faced the fact that its smaller, older warehouses were so unattractive that it agreed to pay a premium to persuade potential new tenants to take them over. At least it saved on the cost of demolition or managing them as empty shells.

Once the board comes to grips with its portfolio and its space needs, it can concentrate on strategies for individual buildings. It may be that a particular redundant property will have to remain empty and idle (be taken into stock, as the jargon has it). But that, says H&B's Mr Hollington, is only for extreme cases. Many possible alternatives can be explored.

Change of use is one of the most publicised alternatives at present, particularly conversion of commercial proprties to residential use, in line with government planning policy to promote mixed use of town centres. Government departments may even be leading the way in this respect; witness the redevelopment of the Treaury building in Whitehall where part of the space could become upmarket redevelopment scheme in apartments with a view Nottingham and the revitaliacross Green Park to Buck-

Other well known conversions include that of County Hall, the former GLC offices opposite the Houses of Parliament, into apartments and the similar re-use of Shell's second Thames-side building not many yards away.

Residential uses are being found for former commercial buildings in town centres all over the country. One of the more pleasant ironies is to see the dark, satanic mills of Manchester and Leeds con-verted to stylish apartments to support the new cafe society rejuvenating those city



William McKee, directorgeneral of the British Property Federation, warns, however, that not all buildings are suitable for simple conversion. Apartments carved from old multi-storey commercial buildings may attract city dwellers; they do not easily convert to familystyle properties suitable for the suburbs. By no means all of them

convert comfortably even to other commercial uses. A decade ago out-of-town retail warehouses were seen as obvious inheritors of redundant industrial buildings. layout is rarely suitable and it is far more likely that existing buildings will be demolished and the land redeveloped as in the case of the old Fiat factory on the Great West Road out of London which now provides four decentralised office buildings for Wang, Samsung, Mercury and Nokia.

More ambitious redevelopment may be contemplated where neighbouring property owners can obtain the backing of the local authority for a community project. The Oxo Tower (now a complex of community housing, workshops and restaurant) may have offered a unique location, gazing across the Thames to St Paul's. Mr Hollington, however, points to a sation of Associated British Ports derelict la as two examples of innovative community schemes Mr McKee at the BPF cites

the role of local government in turning surplus commer cial land into parks and open spaces, non-commercial perhaps but socially valuable. Cash-strapped local

authorities may not be in a position to exercise this function but, longer term, as Mr McKee points out, they will need to become a part of the network which finds the best way of minimising what many believe will be a permanent surplus of less than prime commercial property.

A West End opening

Simon London examines the Minerva flotation plans

inerva, the priowned by Mr David Garrard and Mr Andrew Rosenfeld, plans to doat next month in a deal likely to value the company at more than £150m.

Founded in 1988, the company has net assets of about £100m and plans to raise more than £50m of new capi tal by placing shares with investment institutions. Neither of the foundernanagers are selling shares

and will retain a majority stake in the company. Minerva's £400m invest-

ment portfolio is based on London offices. Its largest single asset is a 150,000 so ft office building at 250 Euston Road occupied by the Prudential, the life insurer. Other large properties are in Croydon, Sutton and in

the West End of London. Its latest move is the £37m acquisition of the former London headquarters of Banque Paribas, the French

bank, on Wigmore Street, to the north of Oxford Street. Mr Rosenfeld believes this acquisition could open the way for a substantial West End office development on the site. Minerva already owns an adjacent building.

Mr Garrard, 57, made his name in the 1970s and 1980s



as an estate agent and property investor. in 1986 he was part of a

private consortium led by the Berger family which acquired Land Investors, the quoted company chaired by Mr Jack Rose, a legendary investor and developer in the 1950s and 1960s.

Mr Garrard sold out of Land Investors in 1988, making a tidy profit on his investment and avoiding the property slump to come.

Later that year he founded Minerya with Mr Rosenfeld, who had been hired to help manage the Land Investors portfolio. Still only 34, Mr Rosenfeld is regarded as one of the up-and-coming generation of property investors.

Minerva's strategy is based on buying large buildings let to good quality tenants on long less Mr Rosenfeld rejects any

suggestion that the company's investment portfolio is institutional" and lacking in possibilities for future In addition to the potential

development in Wigmore Street, Minerva is working on a plan to redevelop a 240,000 sq ft office and retail complex in Croydon.

Mr Rosenfeld also believes that Minerva has proved its ability to restructure the ownership and leases of its buildings to create additional value.

Street acquisition, the company has spent £239m build-ing an investment portfolio which is now valued at

£365m, he says. This equates to a 52 per cent valuation uplift, far outstripping the performance of the wider property market. It remains an open ques tion whether the stock mar-

ket will accord Minerva the

premium share rating reserved for high-flyers. Despite its impressive record, the company is not exposed to retail warehousing and large shopping centres which are favoured by

nost fund managers. The company has made plentiful use of bank debt in the seven years since its creation. Even after raising new money through the placing, Minerva will have gearing of more than 130 per cent, among the highest in the

property sector. Institutional investors are also being asked to buy into a minority position which goes against the grain for some funds.

These considerations point to placing price at a modest discount to net assets per share. This would leave potential upside for investors if Minerva proves itself a big-bitter in the quoted property sector rather than

IPD monthly index for September

Total return (quarterly movement) % Sep Change ove 1996 last month cased at Dec 86 = 100

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Offices weak

the total return from the IPD monthly index to 0.7 per cent during September. Capital growth across the index as a whole was 0.1 per cent, but this reflected 0.3 per cent decline in office values, offset by 0.3 per cent growth in the retail sector. Office rental values declined for the first time since January, falling by 0.1 per cent. Overall, rental values improved by 0.1 per cent. In the three months to

September, the total return on the monthly index was 2.1 per cent, unchanged on

The poor performance of the June quarter. Total office properties restricted return in the first nine months of 1996 was 6.1 per cent. This equates to a return of about 5.7 per cent on IPD's annual index, which includes a lower weighting in retail property and poorer income returns than the monthly index.

At a sector level, retail and industrial property showed a total return of 0.9 per cent in September. In the 12 months to September, industrial property has delivered a total return of 7.7 per cent, compared with 7.2 per cent from retail property and 6.2 per cent

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ment director at Greycoat, the property company. es that the optimum width for a modern office building is 18 metres. This allows for a row of cellular offices down each side, two corridors and a central area which can be used for either open plan or

higher ceilings to avoid giving a cramped impression to their occupants. Many new office developments offer a floor-to-ceiling height of up to nine feet, perhaps six inches higher than the industry standard of the late

Era of understatement

If the 1980s was a decade of 1980s. But, surprisingly, the over-all height of new buildings is lower than older buildings with an equivalent number offices and their detailed of floors.

Developers no longer incorporate very deep ceiling voids - to accommodate powerful air-conditioning as a matter of course. This is partly because tenants have rebelled against paying for air-conditioning systems which are more elaborate than they needed.

A common complaint in the late 1980s was that the office buildings provided by developers were over-specified and therefore expensive.

For example, powerful "variable air volume" airconditioning was fitted in many speculative buildings, even although the system demands large ducts and deep ceiling voids to channel cool air around a building.

Today, developers have drifted back towards coldwater systems that require less space and are perfectly adequate for all but the most demanding occupiers. Mr Strickland believes

that in the past too many

buildings were designed

according to received wis-

dom rather than according to the needs of tenants. Speculative development certainly breeds an innate conservatism. Developers have to cater for the widest possible range of potential

tenants.

investment institutions, often the providers of development finance. The net result is that few

speculative buildings break new ground in terms of design and specification. Market forces demand a standard product that takes few risks and appeals to a wide audience. "There is inevitably a

degree of over-specification in speculative development. We have to cater for as many potential occupiers as possible," says Gerald Kaye, development director of Helical Bar, the property com-

The British Council for Offices, which brings together tenants and developers, in 1994 published a materials and standard specification for construction process offices. The document aims to pro-

vide a benchmark for basic office design, avoiding over-specification in matters such as floor-loading (the amount of weight a floor can take) and air conditioning capacity.
The BCO guidelines have

have typically been reduced by half since the late 1980s. saving construction costs and, ultimately, rent. But caution and standardisation have not squeezed out is "green" and it costs little innovation altogether. Some developers are experimenting with new technology such as chilled ceilings.

units. The Helicon development in the City of London - by

which are thought to be

more energy efficient than

traditional air-conditioning

They are also designing London & Manchester, the with one eye on the tastes of life insurance company - is one of a handful of speculative schemes to include this Developers are also experimenting with natural venti-

> rather than sealed units with air-conditioning. Noise and traffic pollution make natural ventilation an unlikely choice for most citycentre offices. The most notable examples are owneroccupied buildings in out-of-

lation - windows that open

town locations. As concern among tenants for environmental protection increases, more office buildings will incorporate such energy-efficient cooling. Developers already regard

a full environmental audit -

covering energy efficiency

construction process - as a sound investment on large projects. The Building Research Establishment also publishes an off-the-shelf points system against which

developers can measure the

environmental credentials of

The consensus among developers is that been influential. Mr Kaye points out that floor loadings environmental concerns are rarely the central factor in deciding whether a new building will let. But tenants like to be able

to boast that their building

to take environmental issues

a new building.

into account during the design process. Concern environment also fits neatly into the overall ethos of 1990s office development, using less expensive materials in a more efficient

MANAGEMENT



John Kay

Happy combination

If identified and used properly, core competencies can drive a uniquely successful strategy for a company

Core competencies is one of the most used and abused phrases in business strategy. Nowadays it has simply become a pretentious phrase for activities things a business does do, or would like to do.

The disease has even struck my own company. Last week I picked up a sheet that proudly proclaimed that the competencies of London Economics lem solving and project include economic knowledge, business experience, analytical skills, problemsolving, industry knowledge, innovation, project management and customer

That list is a terrible muddle. It conflates the organisation's resources - its economic knowledge and business experience, with things the organisation does - problem-solving and project management, and with characteristics we need, but probably don't have innovation and customer

But it is not very different from the list generated by most companies. One business I know claimed to have no less than 43 core competencies.

The phrase "core competencies" seems to be due to a Harvard Business Review article by C.K. Prahalad and Gary Hamel It is a popularisation of what has become known over the past decade as the resource-based theory of strategy. "Resource-based theory", in turn, seems to originate in a 1984 article in Journal by Bo Wernerfelt; and in turn the ideas it distinctive describes was first expounded 20 years earlier capability is in a jewel of a volume. The Theory of the Growth of the

Firm, by Edith Penrose. I mention this history put together the partly to emphasise that the best ideas in management are rarely the newest and also to stress that what really matters is not the words we use but the thinking that lies behind them.

whether something is or is not a core competence but uniess we know why the answer matters the debate is a waste of everyone's time. We need to start by distinguishing what the

business is - the resources it has such as economic knowledge and business experience - from the things it does - like probmanagement. The reason is that the

main strategic question for any business is how well what it is matches what it does, and if you muddle the two you can't even begin to answer that question effectively. The resource basedtheory of strategy emphasises that each company is characterised by its own collection of resources. But in looking at these resources, the vital step in understanding the nature of the business is to draw a line between those resources which are quite idiosyncratic to that business, and those which can be readily bought in the marketplace. The Coca-Cola brand is unique to the company, but fizzy drink technology is available to anyone.

I have called this the difference between distinctive capabilities and skills, but the terms are not important: what is important is the dif-

A company needs to identify the the Strategic Management markets where its relevant, and then skills to capture those markets

The reason this dichotomy matters so much is that any but the most transitory of competitive advantages has to be based on distinctive capabilities.

A competitive advantage based only on skills - those resources of the business which others can go out and buy - will quickly be eliminated. If it yields profits. others will go out and buy the same resources. So Coca-Cola's competitive advantage is based on its Coke brand, not its technol-

You can buy the skills incorporated in Marks and Spencer (others have, by poaching their employees). but you cannot attack the company's competitive advantage because you can-not buy its distinctive capabilities: its structure of relationships and its reputation with customers.

And correspondingly, when Marks and Spencer wants to apply a distinctive capability - its reputation with customers - in a new market, it can go out and buy the services skills it needs. There is no shortage of

people who know how to design a personal equity plan or process a life insurance policy. So what is needed in defining a company's strategy is to identify the markets and activities in which its distinctive capability is relevant, and then put together the skills needed to capture these markets and perform these activities.

No company will ever have 43 distinctive capabilities. It is rare for any company to have more than one or two. Sometimes it may have none at all. In that case, it is not going to have any competitive advantages and it will do well to make an average return on capital. That hard but obvious truth is often difficult to

London Economics' dis-

We can debate for ever ferent ideas they express. tinctive capability is its technical skills in economics, and an established position, especially in the recruitment market, which makes it quite difficult for others to replicate that stance. That means we should only try to sell work which could only be done by someone with exceptional abilities in econom-

> Other reasons offered for pursuing new lines of business - that market is growing, this market is very profitable, we could do it should all be rejected. Even if we could do these things, if they don't match our distinctive capability we won't make money in them for long. And because it is hard to reproduce our distinctive capability, I don't mind telling readers of the Financial Times what it is.

When Oxford establishes its business school, the distinctive capability it enjoys is the Oxford brand, which immediately implies an intellectual, relatively academic, positioning; because that is what the brand conveys and that is the market in which it carries weight.

The job of its director is to put together the resources which complement the distinctive capability in achieving that market position.

For other business schools with different distinctive capabilities - or none - the strategy should be different. That is wby there will never by any successful generic strategies for companies. The real competencies of companies are their distinctive capabilities and these are few in number and individual in nature. Any effective strategy is specific to the business that deploys it.

John Kay is chairman of London Economics and director of the School of Management Studies at Oxford University



An eye on value: Daimler-Benz chief Jürgen Schrempp addresses shareholders

Wolfgang Münchau on the dominance of shareholders

o what extent should the interests of share-holders take precedence over the interests of a company's workforce? Some companies in Germany are now beginning to doubt that a policy of maximising financial returns is reconcilable with consensus-based industrial relations.

Volkswagen, the carmaker, has emerged as one of the most outspoken sceptics of "shareholder value", saying openly that "work-holder value" should carry equal weight

As part of an experiment consistent with this philosophy, employees are to receive part of their wages in "time" shares. These are not denominated in money, but in working hours. The monetary equivalent of the time shares, plus interest, is to be reinvested in the company, so that employees become quasi-shareholders.

The scheme enables workers to save enough hours to finance early retirement, buy an extra holiday or even protect themselves against redundancy in middle age. Peter Hartz, VW's personnel director, says the scheme "combines the notion of workholder value and company value. There

has been a one-sided attention to shareholder value in the past. We want both." Labour relations have

Workholders with equal weight

high priority at VW. The Saxony, which owns a de company is one of the few companies in Germany ready in principle to guarantee jobs in exchange for greater flexibility on working hours. At the same time, the company is believed to be overstaffed to the tune of some 30,000 Workers.

Klaus Liesen, chairman of VW's supervisory board, defends the employee-friendly attitude of the company and defines shareholder value as meaning "long-term" value. This differs from the Anglo-Saxon notion of shareholder value, which does not take time into account. By implication, the German definition is geared not towards shareholders in general, but towards long-term shareholders. These include the banks and, through schemes such as VW's, the workers

Volkswagen is unlike many other companies because it has one dominant investor, the state of Lower facto controlling stake of 20 per cent. Gerhard Schröder, prime minister of Lower Saxony and a member of VW's supervisory board, is also the economic spokesman of the Social Democratic party, and a potential candidate to challenge Hel-

the next general election. As one of Germany's most political companies. Volkswagen may be an extreme case of "shareholder-value fatigue". But it is not alone. Jürgen Schrempp, chairman of Daimier-Benz, Germany's largest industrial group, may be an energetic advocate of shareholder value but he is also keen to

mut Kohl for chancellor at

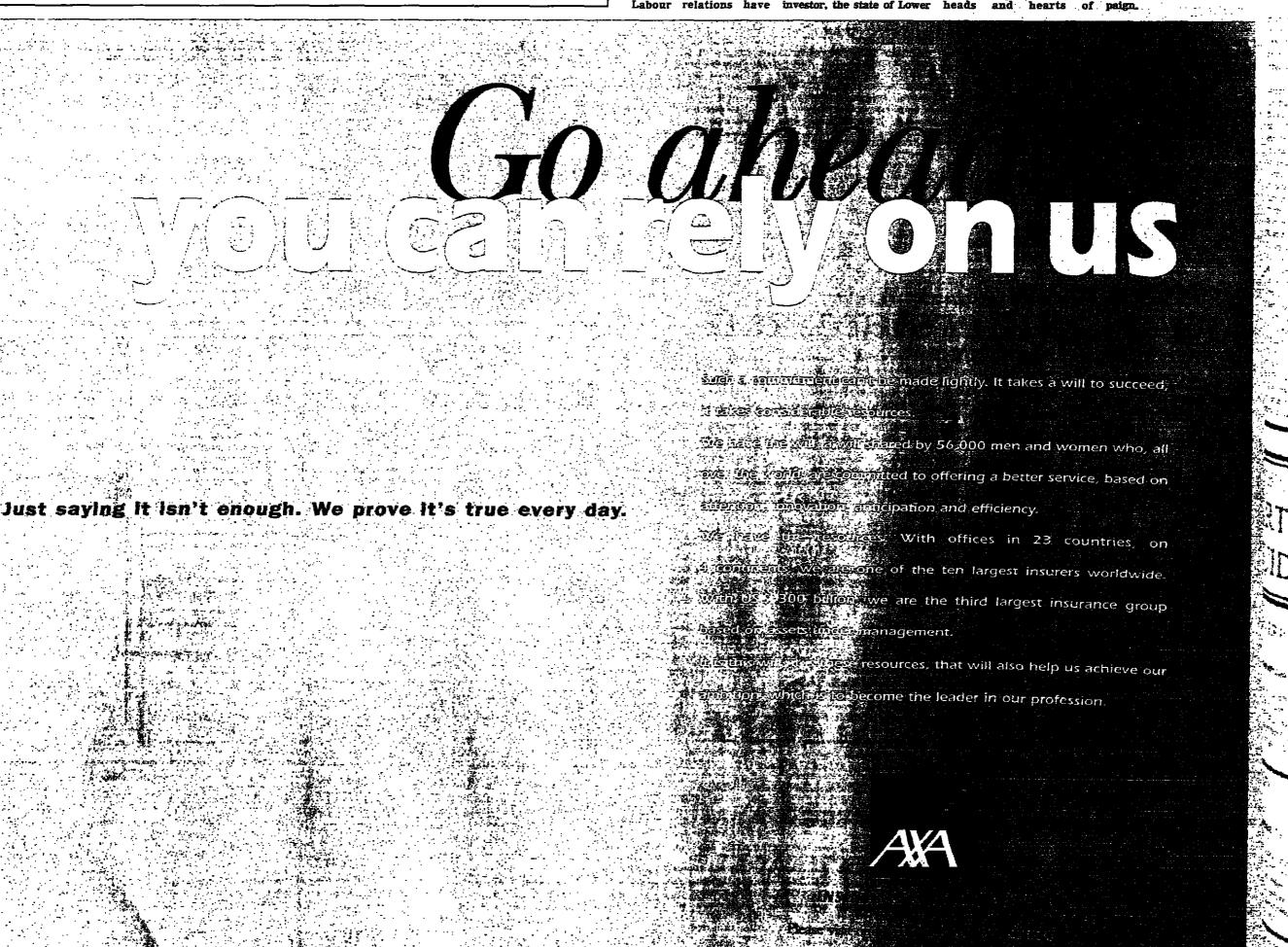
limit its scope.
"Shareholder value must not be pushed for short-term success at the expense of future viability and future earnings potential. Our future lies not only in chips, machinery, buildings and concepts but also in the

our employers, he skys, Critics could argue that the German redefinition of shareholder value might allow companies to hide unprofitable strategies under the clock of long. termism.

Doubt about shareholder value is particularly evident when it comes to linking executive remuneration to shareholder returns. There is broad consensus that German society is not ready for the kind of multi-million D-Mark salaries that are common in, for example, the US. Executive share options are relatively modest. At Daimler-Benz one board member calculated that options could earn him some DM60,000 (\$39,470) per

annum "if I am lucky" The extent to which an executive is "pro-worker" or "pro-shareholder" in Germany is also largely determined by labour law, which sets out the relationship between companies and their workers in great regulatory detail.

Overall, there is a great deal of scepticism in German boardrooms about pureshareholder value. The chief executive of another large industrial group in Germany said privately that he could not survive in his job if he pursued a releptless shareholder-value cam-







A great artist at the peak of his powers: Irek Mukhamedov, with Miyako Yoshida

Ballet/Clement Crisp

Romeo speaks from the heart

hiliet to life on Wednesday night when MacMillan's staging returned to the Opera House: Irek Mukhamedov as Romeo and Viktor Fedotov as conductor. The rest of the Royal Ballet milled industriously round Mukhamedov, registering group emotion. though certain performances had the dégagé air of being telephoned in from nearby call-boxes. Miyako Yoshida sincere, too small-scale to was Juliet, sweet, tender, make much impression beside the blaze of Mukhamedov's interpretation, and missing the fine fevers and tensions score (aided by very responsive orchestral

wo Russian artists

brought Romeo and

The class of

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Yet if the evening was off-balance, how grand the rewards from this Romeo and this conductor. Fedotov, whom we admire from his years with the Kirov Ballet, plunges to the Russian heart of Prokofiev's score. showing us its characteristic energy and sharp sonorities, driving its rhythms on a tight rein (the action quick-stepping but not hurried), refreshing its every bar for us. Not for years, perhaps not since Ynry Fayer led the first Bolshoi performance in 1956, have I heard the final scene sound so sonorously tragic, nor the orchestra's playing so admirably taut.

Fedatov's way is Mukhamedov's way. Here is a great artist at the peak of his interpretative powers. From his early moment on stage, kneeling at Rosaline's feet, arms ardently extended, we meet the passionate, headstrong young man who will be swept up in Juliet's impetuous love (which is MacMillan's theme). For Mukhamedov, every action is alive with feeling, and so it is for us. (How piercing the moment in the market-place when he has been blessed by the priest and prays - we know he prays - for this blessing on his own marriage).

reason. or emotional and physical logic. The character is whole, real drawn in lines of vivid movement that speak from the heart to the heart. This is Mukhamedov's way with every role, be it his supreme Albrecht or his joyous. loving Colas, or even his Basilio in dear, foolish Don Quixote (albeit the Royal Ballet's disastrous production defeated him). He is the greatest dance-actor of our time. unrivalled in the world in my experience. Looking leaner than heretofore, with a boyish ardour for Romeo and a boyish haircut – he gave an unflawed account o the character. It is a privilege to see him dance.

othing is without

It was also a pleasure to see Justin Meissner leading the mandoline dance: bright, bigh-flying, and showing us a pirouette that went on and on and wonderfully on. But I wish I understood the two tots with torches and long frocks who lurk outside Palazzo Capulet by night: they should have been in bed hours before.

Encore for sopranos from Sofia

David Murray reviews rare operas by Meyerbeer and Donizetti at the Wexford festival

was worth reviving at Wexford, both for historical reasons — it is one of those once-famous, now utterly neglected operas by a composer of some note - and because it offers a rich range of roles for showing off Wexford's latest singing discov-eries. The trouble is not so much that the "plot" is a load of old cobblers, though it is: rather, that Meverbeer's score is irredeemably second-rate from start to finish, without one really imaginative number to enliven its

interminable length. There are tunes aplenty, most of which we seem to have half-heard before, and

the vocal writing is grateful. The orchestration is expert and varied - probably less insistently loud than Wladimir Jurowski made it sound from the pit (the band is just the ordinary early-19th-century size, plus trombones). though he gave it a welcome thrust. Not a vital spark in any of it: it is the kind of score that gives "professionalism" a bad name.

Meyerbeer patched it together from his earlier Em Feldlager in Schlesien, a silly fiction about the flute-playing Frederick the Great, For L'Etoile he kept the flute but passed it a half-century back to Peter the Great, an unlikely flautist, and swapped Silesia for Finland. There Peter, disguised as a carpenter, meets Catherina,

a vivandière (what would 19th-century opera have done without vivandières?) and they fall in love,

After many arbitrary vicissitudes and the statutory mad scene - it is a measure of Meyerbeer's originality that he accompanies his soprano there not with a flute, but with noo flutes: it sounds like his teacher Clementi on an off-day - they are reunited, and Peter makes her his Empress. Charming Elizabeth Futral sang her brightly, with winning assurance and panache: Vladimir Ognev's Peter suggested a basso cantante on old records, with throttled intensity and a very fast

Obedient to the determinedly lusty style of Denis sophistication in his musical

Krief's production, everyone construction or his harmoelse mugged and pranced a lot. As Catherina's brother George, Juan Diego Florez displayed a well-formed, elegant tenor, and his fiancée Darina Takova a warmly expansive soprano. Christo

Hall's near-pantomime patissier Danilowitz managed to make their cultivated voices (respectively a stirring baritone and a secure high tenor) tell through the Donizetti's "lyrical tragedy" Parisina (1833), after

pher Maltman's pop-eyed

corporal Gritzenko and Aled

Byron, was a brave gamble into exacerbated drama, the making an astounding without any great new

nies; the expressive art lies in the vocal lines, which require principals with considerable artistry and ~ ide-

ally - iust the right voices. oberto Serville had most of the weight. if not yet the black depth of tone, for Azzo, the brutal Duke of Ferrara, suspicious that his secwife Parisina loves another. As Ugo, that other. Amadeo Moretti was stylish and forceful (he proves to be the Duke's own son, but Azzo murders him anyway). And as poor Parisina, Alexfor Wexford. With it the andrina Pendatchanska composer took a new step sounded like a great artist in sopranos now?

nique and subtlety, dramatic power beyond her frail pres-

Sterling support from Daniela Barcellona's rich, consoling soprano and Richard Robson's noble bass (he lent fine gravity to the High Priest in Sarka, too). Maurizio Benini was the knowledgeable, perceptive conduc-tor: Stefano Vizioli's production, in Ulderico Manani's stark designs, was a model of simple, old-fashioned tact. Incidentally, Pendatchanska, Takova and Vassileva (in Sarka) are all from Bulgaria: can Sofia be the new powerhouse for

Parisina in repertory at range of vocal colour bril-Wexford until November 1, liantly used, unerring tech-L'Etoile until the 2nd.

Theatre/Alastair Macaulay

Honed 'Hamlet'

other things, a revenge tragedy; and Michael Maloney, London's latest Hamlet, is one of our theatre's natural revengers. He has burning dark eyes of great intensity, and, whether he is still or restless, his whole nervous system is febrile. He seems, too, both noble and intellectual, his voice is handsome and eloquent, and he has considerable Shakespearian experience. He has other accomplishments

also - and this is, ironically, why his Hamlet disappoints. The accomplishments get in the way of the interpretation. They are especially apparent in vocal terms. Those people who say that modern actors do not know how to speak Shakespearian verse any more should be sent to hear Maloney. He delivers one entire soliloquy in an intimate mezza voce: elsewhere, he jumps from fortissimo to pianissimo and back again; he strings together three sentences in a single breath; he employs both basso and tenor tones: he employs marvellous legato, sometimes turning it into true cantilena; and he is one of those rare actors whose diction is so beautiful that he seems to make the simplest vowels and syllables unique events. I notice, too, that his one technical flaw - shallow (and noisy) breathing - has been cured. If he was singing Werther I would cry "Bravo!" and "Not since

Alfredo Kraus" As with Kraus, everything Maloney does is expressive. His is not technique for technique's sake. I was never bored in watching or hearing him, and there were moments of great interest. In the last half of "To be or not to be", he

The South Bank is running

a considerable parade of

'American independents".

That opaque label is

meant for those American compos-

ers who have preferred not to pur-

sue the lines of European art-mu-

sic, old or new, but something

quite distinct: whether it be the

manners of American jazz and pop.

or of the Pacific borders (oriental

as well as occidental), or "systems"

music or minimalism, or radically

non-systematic music like John

heady mélange of those.

amlet is, among so hangs his voice's softest tones in the air that I truly felt caught up into the inner workings of his mind. And the way he then, seeing Ophelia, murmurs "Nymph, in thy orisons Be all my sins remember'd" - like an inward prayer - is matchless. But everything is too honed. I felt as if I were seeing not Maloney's first Hamlet but his hun-

dredth. This is a modern-dress Hamlet, and it is admirable how Julian McGowan's costumes almost never draw attention to themselves. (The exceptions are the over-tattered sweater Hamlet wears when mad north-north west, a loud checked suit Gertrude wears on first appearance, and Ophelia's most improbable colour-scheme during the play scene.) McGowan's set is even better, for without actual scene-changes it skilfully comprises a variety of different spaces - the ramparts, the court interior, the graveyard - each of which Chris Clay's lighting adeptly reveals.

The director is Philip Franks. He draws from his cast some nice minor insights on the one hand (notably from Gertrude, Polonius, Rosencrantz, and Guildenstern) and some over-demonstrative acting on the other (notably from Laertes, and - as usual - in Ophelia's mad scenes). The text is cut to play at three hours and ten minutes. The boring Claudius of George Irving simply will not do; but, in the light of recent disclosures, it is incidentally amusing that he and Gertrude (Dinah Stabb) somewhat resemble Harold Pinter and Joan Bakewell.

At Greenwich Theatre to November 30.



Intense, expressive and eloquent: Michael Maloney in the title role

Alastair Mui

Americans call the tune

schools and groupings stem from those disparate originals.

Among the "post-minimalists". the non-purist descendants of Reich & co., the most publicly successful of all is nowadays the eclectic John Adams (he of Nixon in China). On Saturday, the London Sinfonietta had him as guest con-

He proved to be a precise and Cage's, or - as often as not ~ some sympathetic conductor, not only of his own music but of other peo-They are not independent of each other, not by a long way. Inspiraple's. We heard the premiere of his Gnarly Buttons, a clarinet concerto tion came variously from old which exercised Michael Collins' Charles Ives, from Henry Cowell powers in wild elaborations on a and Colin MacPhee, then from Cage and Steve Reich; many 19th-century hymn, a cheerful

"Hoedown (Mad Cow)" and a tender pop ballad. The workings-out came closer to pure minimalism than we have heard from him in some time: so too in Road Movies, a recent violin-and-piano duo which Clio Gould and John Constable dispatched in cool style.

therwise, Adams took the Sinfonietta brightly through Lou Harrison's Pacific pentatonic Concerto in Siendro ("slendro" being the Indonesian label for a five-note mode) and two funky Frank Zappa sketches, Also Michael Gordon's Yo Shakespeare (cross-rhythms,

slightly anodyne), and Javier Alvarez's Quemar las Naves which showed less definiteness-ofintention than one expects from Alvarez, though he conjured some lovely, aqueous sounds from odd instrumental combinations. Finally we had an instrumental

suite from Adams' recent I was

Looking at the Ceiling and Then I Saw the Sky, an L.A. "earthquake romance" for seven singing actors and a justy little band - something like updated Bernstein, and sensationally effective.

The Sinfonietta audience loved as did previous audiences in Edinburgh and Helsinki; somebody

must stage the complete show in

An "American independent" in another sense is the opera-singer Kurt Streit, who gave his first solo recital here - Schubert, Brahms. Roussel and Vaughan Williams at the Wigmore on Friday, with Irwin Gage at the piano. With his tall, rangy frame, it seemed natural that be should confine his expres sive histrionics, like Robert Mitchum, to just "pointing his suit". But it was astonishing - and a great pleasure - to hear the high elegant, cut-glass tenor emerging from that frame: pure European style, in excellent German and French, and quite un-American English for VW's Songs of Travel.

D.M.

INTERNATIONAL

ANTWERP

CONCERT Koningin Elisabethzaal Tel: 32-3-2024578

 Czech State Philharmonic Orchestra of Brno: with conductor Leos Svarovsky and cellist Michael Kanka perform works by Vorisek and Dvořák; 8.30pm; Oct

BERLIN

CONCERT Philharmonie & Kammermusiksaal Tel: 49-30-2614383

 Berliner Philharmonisches Orchester: with conductor Kurt Masur and planist Helen Huang perform works by Britten, Beethoven and Mendelssohn; 8pm; Oct 27, 28, 29

■ COLOGNE

CONCERT Kölner Philharmonie Tel: 49-221-2040820 Die Schöptung: by Haydn. Performed by the Barockorchester des Kölner Bach Vereins and the Chor des Kölner Bach Vereins, conducted by Winfried Toll; 11am;

Opernhaus Tel: 49-221-2218240 Le Nozze di Figaro: by Mozart. Conducted by Alicja Mounk. performed by the Oper Köln. Soloists include Joanna Kozlowska, Iride Martinez and

COPENHAGEN DANCE

Andrzej Dobber, 4pm; Oct 27

Det Kongelige Teater Tel: 45-33 69 69 69 Swan Lake: a choreography by Peter Martins to music by Tchaikovsky, performed by the Danish National Ballet, 7.30pm;

DUSSELDORF

EXHIBITION Kunstmuseum im Ehrenhof Tel:

49-211-8992460 Bertram Jesdinsky: exhibition featuring works by the painter, sculptor and film-maker, who died in 1992. The display includes large-scale paintings, sculptures, drawings, collages, installations. films and video works; to Oct 27

■ INDIANAPOLIS

EXHIBITION Indianapolis Museum of Art Tel: 1-317-923-1331

 Claudia Matzko: conceptual artist Claudia Matzko creates an installation for the IMA. Through

the manipulation of her materials. Matzko reflects on the way people communicate and perceive themselves in the world; from Oct 26 to Dec 22

LAUSANNE DANCE

Théâtre de Beaulieu Tel: 41-21-6432211

 Carmen: a choreography by Antonio Gades and Carlos Saura to music by Bizet, Penella and Lorca, performed by the Antonio Gades Company. Soloists include Stella Arauzo, Antonio Gades, Candy Roman and Juan Alba; 8pm; Oct 26, 27 (6pm)

■ LONDON

CONCERT Barbican Hall Tel: 44-171-6384141 London Mozart Orchestra: with

conductor lan Watson, soprano Eirian Davies, tenor Adrian Thompson and trumpeter Crispian Steele-Perkins perform Handel's The Arrival of the Queen of Sheba, The Water Music and Music for Royal Fireworks; 8pm; Royal Festival Hall Tel: 44-171-9604242

Moses und Aron: by Schoenberg, Concert performance, conducted by Christoph von Dohnanyi and performed by the Philharmonia Orchestra and the London Voices. Soloists include Philip Langridge. Aage Haugland and Cecile Eloir, 7,30pm; Oct 27 Wigmore Hall Tel: 44-171-9352141

and Kathron Sturrock: the viola-player, double bass-player and planist perform works by Bottesini, Beethoven and Hawkins; 7.30pm; Oct 28

Yuko Inque, Duncan McTier

MADRID CONCERT Auditorio Nacional de Música

Tel: 34-1-3370100 London Symphony Orchestra:

with conductor Riccardo Chailly and soloists Katarina Dalayman and Gudjon Oskarsson perform works by Schoenberg and Wagner; 10.30pm; Oct 26

■ NEW YORK CONCERT

Alice Tully Hall Tel:

1-212-875-5050 The Chamber Music Society of Lincoln Center: with artistic director David Shifrin and the Emerson String Quartet perform works by Haydn, Brahms and Edgar Meyer, 5pm; Oct 27, 29 (7.30pm)

Carnegie Hall Tel: 1-212-247-7800 Orchestre Symphonique de Montreal: with conductor Charles Dutoit and cellist Han-Na Chang perform works by Dvořák, Haydn and Respighi; 2pm; Oct 27

fetropolitan Opera House Tel:

1-212-362-6000 Rigoletto: by Verdi. Conducted by Carlo Rizzi, performed by the Metropolitan Opera. Soloists include Swenson, Livengood, Lopardo and Pons; 8pm;

Oct 26 PARIS

33-1-44 78 12 33

EXHIBITION Centre Georges Pompidou Tel:

 Paul Facchetti: exhibition devoted to the work of Paul Facchetti (b. 1912) who was active as a photographer in Paris in the 1940s and 1950s; to Jan 6 THEATRE

Festival d'Automne Tel: 33-1 42 96 96 94

 La Maladie de la mort: by Marguerite Duras. Directed by Robert Wilson. The cast includes Lucinda Childs and Michel Piccoli. Performance at MC 93 Bobigny, as part of the Festival d'Automne; 8.30pm; Oct 25, 26, 27 (3.30pm)

SAN FRANCISCO

CONCERT Louise M. Davies Symphony

Hall Tel: 1-415-864-6000 San Francisco Symphony: with conductor Michael Tilson Thomas perform excerpts from Prokoflev's Romeo and Juliet; 7pm; Oct 27

STRASBOURG EXHIBITION

Musée des Beaux-Arts & Arts Decoratifs - Palais Rohan Tel: 33-88-52 50 00 De Giotto à Canaletto: exhibition of Italian paintings from the museum's collection. Alongside these paintings, works are shown by French, Spanish,

travelled or settled in Italy. Artists represented in the exhibition include Raphael, Veronese, Cima da Conegliano, Salvator Rosa, Canaletto, G. Domenico Tiepolo and Giotto; to Oct 27

Sotheby's Tel: 61-2-3323500

German and Dutch artists who

SYDNEY **AUCTION**

 Fine Tribal Art and Aboriginal Bark Paintings: each year Sotheby's Australia holds one auction devoted to the sale of works of tribal art from the Pacific Rim, Africa, Melanesia and Australia. The core of this year's auction is the sale of selected works which have been consigned from the Glenbow Museum in Canada, and more than 600 oceanic works of art from the Christensen Fund which were acquired more than 30 years

■ WASHINGTON

by the late Alan Christensen:

2pm; Oct 27, 28 (6pm)

CONCERT Concert Hall Tel: 1-202-467 4600 Wiener Symphoniker: with conductor Rafael Frühbeck de Burgos and pianist Rudolf Buchbinder perform works by Mozart and Beethoven; 8,30pm;

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financial markets

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10.00 European Money Wheel

Financial Times Business Tonight

Philip Stephens

A way with words

Redefining criteria for 'first wave' entrants to monetary union could buy Britain more time to make its decision

Timing is often everything in politics. But sometimes words count for more, ners are prepared to waive Clever language might yet that clause in the Maasoffer a partial escape route from Britain's agonising proven track record in the exchange rate mechanism. choice over whether to participate in a single European currency.

No one doubts that the decision will be one of momentous consequence. It future. It will also chart the nation's course in world for national currencies. affairs. Ultimately, politics will weigh more heavily tion in Britain. than economics. For that reason, if economic and monetary union works, Britain's answer will be yes. Eventually.

This last caveat is imporwould define the political core of Europe. Westminster's politicians would not be content to stand indefinitely on the periphery. Too many pretensions are at stake. How long otherwise would Britain retain a permanent seat on the United Nations Security Council, or its privileged place within the Group of Seven indus-

But both the politics and the practicalities weigh against signing up for January 1 1999. The political obstacles are well known. A re-elected Conservative government could not take such a decision without tearing itself asunder. If Tony Blair replaces John Major in 10 Downing Street, he will have other, more pressing, priorities. Labour's shadow cabinet is divided. Mr Blair knows that rushing into a single currency would be a fright-

ening gamble. Then there are the practical obstacles. I wrote about these earlier in the summer. Since then, there has been much confusion and deliberate misinformation. So it is worth setting out in some detail the relevant legislative hurdles and the deadlines. All these assume, of course, that Britain meets

the economic convergence criteria and that its parttricht treaty demanding a

Curiously, if the government did decide to scrap the Maastricht opt-out, there would be no requirement for a "bill to abolish sterwill shape the economic ling". Instead, European law, substituting the euro would have direct applica-

Parliament's debate on

the substance of the deci-

sion would flow from one of the provisions of the Maastricht Act. This requires a separate decision by parliament before the government notifies its intention to join a single currency. The expert view in Whitehall is that the legal provisions for a referendum would probably be tacked on to this legislation. Like Mr Major, Mr Blair is committed to a plebiscite unless Labour says at the general election it intends to join Emu.

Careful scrutiny of the treaty has persuaded the experts that, formally at least, the notification measure would have to receive parliamentary assent by January 1 1998. The protocol enshrining the British optout requires that it waive its exemption by that date if

The next

government needs time to make a more considered choice...The right thing to do is to keep the options open

bloc a year later.

The other main legislative requirement is the grant of independence to the Bank of transfer to the Bank's ownership of a substantial proportion of, if not all, foreign exchange reserves). A separate provision in the treaty prohibiting the monetary financing of government debt demands reform also of the legal framework governing the Bank's money market operations. The experts are agreed that the latest deadline for these two changes is July 1 1998, the last possible date for estab-

central bank. It is this timetable for legislation which would demand an almost instant decision from the winner of the general election which Mr Major intends to hold next spring. Of course, the dates are not set entirely in stone. If an incoming government showed itself in deadly earnest, its European partners might well grant it some leeway.

lishment of the European

One could imagine, for example, the notification deadline slipping from January to March 1998, the point at which EU leaders will decide how many other countries qualify. If the whole project were delayed by, say, six months, the British timetable could be similarly adjusted. And the Treasury is already drawing up plans to give the politicians as much time as possible. It is obvious, though, that if Emu proceeds according to plan, the British government will have to make up its mind before the end of 1997 and, almost certainly, many months before.

It was this tight schedule that persuaded me that the two main parties could no longer pretend that the single currency was an issue for the dim, distant future. By the time the election is fought, the voters will rightly demand of Messrs is to keep the options open.

LLOYD'S OF LONDON

Reconstruction & Renewal

The Settlement Offer became unconditional on

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The undersigned acted as financial adviser to

the Council of Lloyd's

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it wants to join the euro Major and Blair, if not a definitive answer, an honest

expression of intent. For the Tory Eurosceptics (and for some cabinet minis-England (including the ters who might have been expected to know better). there is an obvious answer. Since there is no prospect of Mr Major deciding in favour next year, he should say now that a Conservative government would keep sterling at least through the lifetime of the next parliament. In practice, that would mean forever. As for the sceptics in Mr Blair's party, they would like him to say that Britain will not be in the first wave, even if it reserves its subsequent position.

> It is here we come to the capacity of language to redefine the options. Hitherto the "first wave" has been taken to refer to those countries which lock their exchange rates from January 1999. For reasons un connected with Britain, that definition is already being shaded. Germany is alarmed at the resolve of Italy, Spain and Portugal to be in the vanguard. The political will in these "Club Med" countries is in inverse proportion to their potential to meet the economic conver-

gence criteria. There is a way out. The first wave might be redefined to include all those countries which join Emu between 1999 and 2002. Only at that latter date, after all will euro notes and coins physically replace national currencies. The Club Med countries would spend another year or two adjusting their economies in return for a guaranteed place before 2002.

Britain should back this strategy with every ounce of its remaining influence in Europe. The next government needs more time to make a more considered choice. To that extent, sympathise with the politicians. The right thing to do

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LETTERS TO THE EDITOR

Moves by Italy to meet Emu

From Mr Paolo Galli. Sir, In its evenly balanced comments on Emu perspectives, your newspaper has recently focused on the obstacles that Italy - and other "Club Med" countries - face "in demonstrating that next year's budget cuts . . . are more than one-year wonders" ("A deficit of

The data referring to inflation (from 6 per cent in July 1995 we aim to reach about 3 per cent at the end of 1996), to government

deficit (which should be about 3 per cent in 1997 and 2.9 per cent in 1998), show that the tendency towards meeting the Maastricht criteria is constant. Primary surplus (more than 4 per cent in 1996, and growing) shall guarantee that the deficit criterion is respected. as soon as interest rates are reduced. And, with monetary union, this

reduction is automatic. In 1997 we aim to quicken the pace of an ongoing process which will inevitably continue: we will try to obtain in the course of that year what originally we thought of doing in 1997-98 and fill the temporary gap in the deficit deriving from the delay of the year in aligning interest rates with Europe.

May I also point out that some other "non-Maastricht" parameters used in gauging a country's economic

of Italy significantly better than in many of our European partners. For example, it is often overlooked that the Italian overall debt, the importance of which I do not deny, is largely financed from internal resources, in a country which has the second-highest saving propensity among the G7 countries. Add to this the high level of the balance of payments and the recent improvements in the Lira/

D-Mark exchange rate. In conclusion: the situation is no doubt difficult, and requires sacrifices, but is far from

Paolo Galli, ambassador, Italian embassy, 4 Grosvenor Square London W1H 9LA, UK

WTO must face issue of labour standards

From Mr Neil Kearney. Sir, Alasdair Smith of the Sussex European Institute (Letters, October 23) does not seem to be following the debate on linking trade and labour standards through the World Trade Organisation. If he was, he would see that the main pressure for action is now coming from workers in developing countries. particularly children and young women who have been the biggest victims of the exploitation riding onthe back of unregulated globalisation.

Governments around the world are notoriously unresponsive to the abuse and maltreatment of these workers, especially in the garments and footwear sectors. Fortunately, consumers in the industrialised world are nushing the leading retail chains to clean up their act by outlawing rights abuses, including child labour, by

their suppliers. But, securing respect for internationally agreed labour standards should surely not be entrusted to unilateral action by individual retailers over which the international community has no influence

or control. Responsible governments everywhere should now be demanding that the WTO faces this issue head on and establishes a working party charged with examining the relationship between trade and core labour standards and providing the WTO with a steer for the future.

general secretary. International Textile, Garment & Leather Workers' Federation rue Joseph Stevens 8. B-1000 Brussels, Belgium

lead the centre-right coali

tion. Second, he probably

hopes to negotiate a better

deal for his television empire

at a time when parliament

will have to approve an anti-

trust law on telecommunica

tions. Without admitting the

criteria no 'one-year wonder'

credibility", October 21).

I readily acknowledge that what the Italian government is trying to do is difficult and will entail a considerable effort from the Italian economy. Let me mention, however, some elements which point to the fact that keeping in line after 1998 is not impossible.

Sad end to Dole's career

Uncalled for From Mr Roger Dean. Sir, The savings offered by telecommunications companies on international phone calls through the callback services ("Call up for savings", October 22) are indeed considerable - but come at a hidden price. When I first started to use such a service, I was impressed by the quality and even more by the bills. Over time, the quality deteriorated and repeated complaints failed to secure an improvement.

Even worse were the persistent "ghost" calls in the middle of the night. I changed to a new service and the first night I was woken vet again. Until this problem can be ironed out. I shall continue to opt for dearer calls and quiet nights.

Roger Dean, 55 Hernalsteenstraat, 1970 Wezembeek-Oppem.

by redirecting the agenda, or From Mr Daniel Goncharoff. to ride the tide while waiting Sir. Michael Prowse for chances to moderate the attempts to make "The case for Dole" (October 21), citing more extreme points on the both Dole's personal agenda, was perceived as negative and weak.

struggles and his political Indeed, it handed to talents. Unfortunately President Clinton the Prowse fails to see what the American people instinctively feel – that Dole opportunitý to step into a void and make his own those aspects of the agenda that is a conciliator, not a leader. were appealing to the While a master behind electorate, despite the closed doors, he is unable, and perhaps too principled, antagonism of many to reduce the complicated elements within the issues that confront the Democratic party. nation into simpler concepts Now Dole endorses many with a clear direction. policies he fought against in

Dole revealed his character during the fight over the "Contract with America", when he crushed the growing momentum of a more conservative Republican agenda with which he could not agree, rather than working to adopt some more palatable version he could call his own. His

unwillingness either to lead

and for Dole. Daniel Goncharoff, Aystettstrasse 6,

Frankfurt, Germany

an attempt to turn voters'

otherwise illustrious career.

If only Dole could now cede

victory in exchange for his

old job. That would be the

best result for the country

heads. A sad end to an

Europa · Sergio Romano

Risky road to reform

D'Alema is gambling on a deal with his former enemy to change Italy's constitution



This is the latest Italian paradox. Two years ago, the most interesting and promising figure of Italian politics

was Silvio Berlusconi, a fiercely anticommunist media tycoon who created a new political party, Forza Italia, scored a remarkable success at the 1994 national elections and became prime minister.

Two years later, the most interesting and promising figure of Italian politics is Massimo D'Alema, leader of the PDS (the Democratic Party of the Left) which Berlusconi had soundly defeated. D'Alema is a former communist, known for his Stalinist youth and strictly orthodox party line. But he has become an imaginative and courageous reformer. This is not all. The enmity and rivalry between D'Alema and Berlusconi have been replaced by a constitutional pact for changing the Italian political system. This remarkable double somersault demands some expla-

D'Alema has won the elec-tions as the *de facto* leader of a centre-left coalition. Without the organisational and logistical support of the PDS, the so-called Olive Tree coalition could have never defeated the centre-right alliance between Berlusconi's Forza Italia and Gianfranco Fini's Alleanza Nazionale.

But the leader of the winning party could not become the leader of the country because the members of the coalition had agreed before the elections that the prime minister, in the event of victory, would be a catholic economist, Romano Prodi, former president of Iri, the large industrial state holding. Since then, D'Alema has understandably been working to make sure that this will not happen again. His main objective is the transformation of the PDS into a larger, more flexible social democratic political force.

is Tony Blair, leader of the British Labour party. The former Stalinist seems to have understood much better than some of his party's comrades that Italian society has undergone radical changes and that a "party of the working class" cannot attract the "bourgeois" votes needed to win the elections. This transformation of the former communist party the second since the fall of the Berlin wall - should take place at the party conference

next spring. D'Alema's project, however, will only work within a new political system. To become the leader of the centre-left and prime minister, he needs a constitutional framework that concentrates votes in two political forces and gives the leader of the winning one the undisputed

right to govern. To achieve what may be called the "anglicisation" of Italian politics, the country probably needs a new electoral law more clearly based on the first-past-the-post principle, the direct election of the prime minister and a much stronger executive. D'Alema thinks this can be achieved by a parliamentary commission on the constitution, formed by an equal number of deputies and senators. The law establishing the commission will shortly have its second reading.

It is almost certain that nission will be oper-

His model, among others, ational by the end of the in which he will presumably year. It is far from certain. however, that its passage will be smooth and uneventful. D'Alema's political projects are strongly opposed by most of the forces which make up the Olive Tree coalition. The leaders of the Rifondazione Comunista (a rib from the left side of the old communist party) know that their movement would disappear and that, in D'Alema's new political force, they would play the role of Tony Benn and other leftwingers in the British

Labour party.
The leaders of the Partito Popolare (a rib from the left side of Christian Democracy) know that they would be reduced to a role not unlike that of the leaders of the peasants' parties in the popular fronts of satellite countries during the Soviet era. Romano Prodi himself has no stake in D'Alema's project. If the leader of the PDS succeeds, Prodi will have to abandon, sooner or later, the job of prime minister and probably renounce his political ambitions.

Faced with many enemies, most of them in his own camp, D'Alema has turned to Berlusconi for an alliance, and has found an apparently sympathetic ear. The leader of Forza Italia has two good reasons to accept his enemy's offers. First, he is equally interested in reforming the political system and creating a bipolar democracy

The outhor is a historica and columnist for La Stampa, the



September 1996

existence of a specific agree-ment, the leaders of the two main political parties are giving each other friendly Another condition, however, is required. To reform the constitution with the

help of Berlusconi, D'Alema must persuade his friends that the country can live with two distinct majorities - one for the daily requirements of the government, the other for constitutional reforms. In other words, the leaders of the Rifondazione Comunista and the Partito Popolare must accept the principle that D'Alema can be their friend in the government and their adversary in ... the constitutional commis-

Will they accept? The leaders of the Rifondazione Comunista have already intimated that they will not, and that they may withdraw their support for the government. D'Alema seems to think that they will hesitate before causing the collapse of the first Italian govern ment since 1947 in which their former comrades from the communist party hold positions of power. But his assumption may

turn out to be wrong. No party likes to agree to a deal that will eventually prejudge its future. D'Alema copas quently may soon be faced with a choice of either accepting the fall of the Prodi government as the consequence of his constitu tional deal with Berluscom or agreeing only the less important reforms to which the other parties of the Olive Tree are ready to subscribe.
One way or another; he

will be at the crossroads of Italy's political future. He may emerge from the situa-tion as a national leader of lose his bet and join the catalogue of prominent peo-ple who tried and falled in italy's endless constitutional

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday October 25 1996

Bundesbank barks loudly

The remark by Mr Otmar Issing level of interest rates. The disthis Wednesday that interest rates were at a historic low and more was neither to be expected nor necessary" was not a surprise it was certainly less surprising than its opposite - a statement that monetary policy was too tight - would have been. The question is whether the Bundesbank's bite will match its disinflationary bark. The plausi-

E.B.(D.F.). OLLUBER R. P.

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ble answer is yes. This is so even though Mr Issing loves such strong language. At the time of dollar weakness in early 1995, for example, he insisted that D-mark revaluation had brought only benefits. including falling inflation and protection against overheating.

Later, on June 27 1996, he argued that "monetary policy has done what it could do". On August 12 be declared that a cut in leading interest rates would not provide a solution to Germany's problems and added, sar-castically, that "if morale in Germany hinges on the Bundesbank cutting the repo rate by 10 or 20 basis points, things are pretty dire". Yet on August 28 the repurchase (or "repo") rate was cut by 0.3 percentage points.

Nevertheless, there are at least three good reasons for taking Mr Issing seriously.

The first is the clarity of his language and the support provided by Mr Johann Wilhelm Gaddum, the vice-president. The second is the historically low

count rate of 2.5 per cent does allow some easing of the repo rate below its current 3 per cent. But any lowering of the discount rate itself, now at a record low, would be an admis-

The third is the evidence of recovery: industrial output rose 6.4 per cent between its recent trough in February 1996 and August; and gross domestic product grew at an annualised rate of 2 per cent between the last quarter of 1995 and the second quarter of this year. Meanwhile, annualised monetary growth of 8.4 per cent between the last quarter of 1995 and September is above the target range; and the trade weighted nominal exchange rate has depreciated more than 6 per

cent from its March 1995 peak. If it were not for very low consumer price inflation, running at slightly below 11/2 per cent in the year to September, the Bundesbank might even be thinking of tightening. Monetarist observers already argue that overly expansionary policy is sowing the seeds of a rise in

The conclusion is evident: it will take very bad news on the real economy, a collapse in monetary growth or far lower inflation to persuade the Bundesbank to ease monetary policy further. Mr Issing is not just barking. His teeth are sharp.

Brcko blues

Once again, Europeans and the Dayton negotiations very Americans are at odds over Bosnia - this time over the US the Moslem-Croat Bosnian army. portion of the Inter-Entity The US insists this is essential to create a balance of power in the Balkans.

The British and French retort that balance should be achieved by levelling down, not up. The Moslem-Croat federation, they point out, remains a largely mythical construct. Moslems and Croats could end up using the width of the corridor. The Mosweapons against each other.

Even if that does not happen, it is far from clear that the Moslems need weapons to deter a new attack on them by the Serbs, since the latter are by and large satisfied with the territorial provisions of the Dayton accord. By contrast the Moslems, if well armed, would have abundant motive for going on the offensive against the Serbs, who (in defiance of the accord) are refusing to let Moslems return to their former homes

One likely place for such an offensive to start is Brcko, on the Sava river which forms Bosnia's northern frontier with Croatia. This town, one of the wealthiest in pre-war Bosnia, had a Moslem majority but is now in Serb bands, and the Serbs consider it a vital part of the corridor connecting the lands they hold in northern Bosnia with those in the east and with Serbia proper.

nearly foundered. They were saved only by referring to bind-"train and equip" programme for ing arbitration "the disputed Boundary Line in the Brcko area indicated on the map attached at the Appendix".

Unfortunately no map was included. This has enabled the Serbs to claim that the area in question does not include the town of Brcko and the arbitrators should deal only with the lems assert the opposite, believ ing they have a right to their homes in the town and that a foothold on the Sava would give them access to "Europe".

Solomon himself could not arbitrate this dispute to the satisfaction of both parties by December 14, as the hapless Mr Roberts Owen, a US official, is supposed to do. The Serbs will not leave Brcko voluntarily, and the Moslems will try to fight their way into it if they

cannot go back peacefully. A possible temporary solution, suggested by the International Crisis Group last month. would be to place the town under international administration, with a mandate to ensure the peaceful return of displaced persons and free passage of all non-military goods both eastwest and north-south. At all events the powers which failed to resolve the issue at Dayton should now revisit it urgently

Breko was the rock on which Utility rules

Appetising shareholders and fingerlicking bonuses for senior executives

bave not proved a healthy diet for the UK's privatised utilities. After an early burst of profitability, particularly in gas, water and electricity, the press howled and the regulators blew their whistles. Price caps were tightened, anti-competitive practices were scrutinised and vigorous efforts were made to break up

unnecessary monopolies. Now, as shareholders enter a leaner period, there are mutterings in a different tone: "Are the regulators too powerful, too arbitrary, too secretive?" Such questions are being studied by many bodies, including the Hansard Society, the parliamentary trade and industry select committee

and the Labour party. The latest contribution to the debate, from the Confederation of British Industry, yesterday urged caution. This is surely right after a period of rapid evolution during which regulators have been correcting mistakes made at the time of privatisation

as well as refining their roles. One difficulty is that methods of controlling profits by capping prices can seem complex and inconsistent. The CBI is right to resist the idea of imposing consistency via a utilities commission. This extra layer of bureaucracy would cramp the enterprise of individual regulators (which has had largely good results so far) and make regula-

tory reviews more combersome.

However, regulators might usefully consolidate the meetings which already take place into an informal college of regulators. Such a body could explain and justify the economic basis of regulation and promote a consistent approach to such vexed questions as the valuation of utilities' assets.

This might go some way towards the CBI's demand for more openness. A formal system of consultation with advi sory panels consisting of private and industrial customers would also help, as would more regular reviews by a parliamen-

tary select committee. The most difficult questions, however, turn on the reform of UK competition policy and the relationship of regulatory bodies to the Monopolies and Mergers Commission. It is widely agreed that an MMC inquiry is too slow and expensive to be an appropriate way of settling all disputes in this sector. The CBI's idea of reforming the commission to allow it to act as a fast-track court of appeal is

worth more study. If appeals became too easy, decisions by the MMC might simply replace those of the regulators. Despite this danger some such checks will be needed as regulators acquire (as they should) increased powers to police competition rules Competition, rather than complex pricing regimes, is far the best way to turn an obese cat into the consumer's friend.

Mission for miracle-workers

Robert Chote asks whether the Irish can maintain growth and keep the lid on inflation as they prepare to join the single currency

Ireland: can the magic last?

Rapid economic growth . . .

Insh annual incre

in real GNP (%)

ublin is a city of cruel contrasts. The shops of Grafton trendy restaurants of Temple Bar overflow with people enjoying the fruits Ireland's economic miracle. But in areas such as Darndale, to the north of the city, a drug culture thrives and many depend on welfare payments and the black

This contrast between rich and poor has been brought into sharp focus by the economic renaissance Ireland has enjoyed since the late 1980s. After failing for decades to narrow the income gap between itself and richer competitors, over the past three years Ireland has seen its economy grow three times as strongly as the rest of the industrialised world. The surge shows no sign of flagging: healthy consumer spending and strong investment have enabled the economy to grow at an average of 7.5 per cent in 1994 and 1995, but inflation is

running at less than 2 per cent. In an attempt to maintain this combination, the government and trade unions are discussing a new national pay agreement to replace the Programme for Competitiveness and Work, which expires this year. Most observers believe a deal delivering pay restraint is essential to keep growth on track, although some fear that renewing the incomes policy will make wages too rigid as Ireland prepares to join a single European currency.

For most countries, high budget deficits are the biggest barrier to participation in a single currency. The Maastricht treaty specifies applicants should borrow no more than 3 per cent of gross domestic product in 1997. While many are struggling to achieve this, Ireland has managed it for the past eight years.

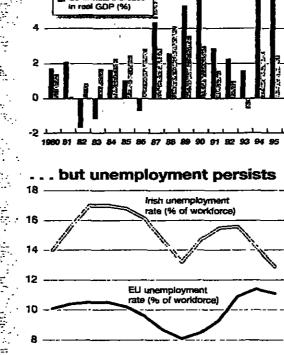
"The scare Ireland got in the

1980s produced a cross-party consensus in favour of low government borrowing," says Mr Terry Baker of Dublin's Economic and Social Research Institute, recalling the slow growth and lax budgetary policies of the late 1970s that left the Irish government borrowing 20 per cent of GDP in 1981 and its debt topping 120 per cent by 1986.

This proved a watershed. The governing coalition collapsed as Mr John Bruton of Fine Gael. finance minister at the time and now prime minister, proposed spending cuts that were unacceptable to his coalition partners. Fianna Fáil, which formed a minority government after campaigning against the coalition's Thatcherite" policies, promptly introduced a budget even more draconian than Mr Bruton's.

This budget, helped by an amnesty on unpaid tax, which raised 17 times more revenue than the Department of Finance expected, cut government borrowing by two-thirds between 1987 and 1988. Economic activity and tax revenues benefited from an upsurge of consumer spending in the UK - Ireland's closest trad ing partner - as well as cuts in interest rates and improved competitiveness following a devalua-

tion of the Irish punt. Arguably, this laid the foundations of the present strong economic performance. Continued low deficits have cut the debt-to-GDP ratio to barely 80 per cent, reducing interest rates and boost-



employs 1.000 people in Ireland more than compensate. Mr Jim into other prices. Ireland's econ-

"Public spending is not rising as a proportion of gross domestic Mr Mark Fitzgerald, managing product but only because the economy is growing very strongly," he says. "What happens when growth slows from its current remarkable rates? I fear A cabinet committee met yesterday to discuss spending, which

spending money,

some ministers describe as "cancer-like". Excluding capital projects and after inflation, government spending has risen by 4.75 per cent a year during the 1990s. The budget deficit has remained low because real tax revenues have grown by 4.5 per ing the government's debt has fallen from 7.7 per cent of GDP to about 5 per cent. The Department of Finance expects a deficit this

ing activity in a virtuous circle.

But can it last? Professor John

O'Hagan, of Trinity College, Dub-

we are making spending commit-

ments we cannot honour.

27

lin, has his doubts.

The outlook for the public finances will depend in part on whether rapid economic growth can be maintained. One problem is that Ireland's success means it will get less money in coming vears from the European Union. During the 1990s, the EU has contributed more than 5 per cent a year to Ireland's GDP.

year of 2.3 per cent of GDP, below

its budget forecast.

At least there is no sign of the upswing hitting the inflationary buffers. Inflation averaged 2.5 per cent in 1994 and 1995 and should stay less than 2 per cent this year. The central bank is nervous about rising house prices and mortgage credit, but this reflects concern about the lending policies of banks and building societies rather than a fear that buoyancy in housing will spill over

omy is so open to foreign trade that its inflation rate is largely determined by the exchange rate and inflation oversea

director of estate agents Sherry Fitzgerald, calculates that house prices in Dublin have risen by 15 per cent this year and by rather less elsewhere. He dismisses fears of a property market bubble, arguing that prices are merely recovering from recent weakness and reflecting the health of the economy: "You can see it walking down Grafton Street. Educated young people are driving the economy and

he Organisation for Economic Co-operahas warned that inflationary pressures might he mounting. It believes Irish output is probably above the "potential" level consistent with stable inflation - the only industrial country bar Norway in this position. But potential output is difficult to measure in Ireland because emigration and immigration help the labour force adjust to changing demand. And multinational companies locate there to exploit low corporation tax rates, rather than because Ireland is short of indus-

trial capacity. Ireland has long attracted foreign direct investment, notably in chemicals, pharmaceuticals, computer hardware and software. This has helped factory production to grow strongly over the past couple of years, while consumer spending has boosted the domestic service industries. International Business Machines, the computer maker, already

and plans to establish a customer support centre in Dublin. Oracle Corporation, Hewlett-Packard and Gateway 2000 have all recently announced plans to set up or expand existing Irish operations. In 1994, overseas companies provided 44 per cent of

restrains government borrowing

■ insh budget defi as % of GDP

EU budget defic
 as % of GDP

... as profits flow abroad

GNP at constan

1985 prices (I£bn)

GDP at constant 1985 prices (IEbr

Flow of profits and

interest overseas

Ireland's factory jobs. "The presence of so many multinational corporations creates enormous statistical problems," says Professor Antoin Murphy of Trinity College. Output and export earnings are both overstated because of "transfer pricing": multinationals charge artificially low prices for components bought from other branches of boosting the recorded value of

their Irish output and profits. means GDP is also an inaccurate indicator of living standards, even though the EU uses it to assess Ireland's entitlement to financial help. Of every I£8 of output supposedly produced in the Irish economy, I£1 leaves the country in repatriated profits or interest payments to foreign holders of government debt.

Even if the multinational sector's output is overstated, its growth and productivity no doubt outshine indigenous industries such as steel, drink and tobacco. These are more reliant on domestic and UK markets, which suggests they may be vulnerable if Ireland signs up to a single currency and the UK does

The Economic and Social Research Institute warned recently that these sectors would suffer badly if sterling fell sharply against the single currency, but added that the gain from lower interest rates would

O'Leary, chief economist at Davy Stockbrokers, believes that Ireland should not join a single currency without the UK, although he expects that it will. In that event, he argues that Ireland's corporatist wage-setting approach - in which the government in effect buys wage restraint with tax cuts - should be abandoned. The economy will then be better placed to adjust

wages if the interest rates set by

the European central bank make

that necessary.

Both supporters and opponents of the Programme for Competitiveness and Work agree that moderate and flexible wagetheir companies, artificially setting will be essential to protect Irish jobs and living standards, especially if the country the UK. Unemployment is well down from its near 16 per cent peak in 1992-93, but it remains stubbornly above the European average with long-term joblessness a particular problem. In a single currency, excessive wage increases are likely to increase unemployment rather than inflation, which would worsen the problem of urban poverty and thereby widen the social divide

> in the country's cities. For the present, Ireland's economy remains strong, demonstrating the rewards that an assault on government borrowing can deliver. But maintaining the miracle poses a number of challenges. It demands tougher control of government spending. continued moderation in wagesetting and greater efficiency in indigenous industries and ser-

Joining a single currency will not make this easier - only more

BSERVE

Reluctant to judge

South Africa has just appointed its first black chief justice and Court of Appeal head but only after a dramatic intervention by President Nelson Mandela <u>bims</u>elf.

Judge Ismael Mahomed, 65. an Indian, who is the country's first black senior counsel, had seemed as if he was a favourite for the slot anyway. So why did Mandela outrage other Supreme Court judges by specifically calling for him to get the job before the judicial services mmission, which assesses the candidates and makes recommendations to the

president, had approved his application? The intervention of Mandela, himself a former lawyer, can hardly be put down to ignorance of legal protocol, after all. And in the unlikely event that he had failed to win the commission's support, the final choice lies

with the president anyway. Could it have been, then, that Mahomed was a shade reluctant to take up the post? After this week's swearing-in ceremony, he did let slip that the posting would "revive fresh wounds and painful memories". Presumably this refers to the fact that he will have to return to the Free State town of Bloemfontein, where be

first worked as a young advocate during the apartheid era. At that time, local laws barred Indians from remaining in the Free State after dark and the young lawyer was forced to commute daily

Quite aside from the private emotions, Mahomed is a very busy man already. But that is a tricky argument to put to a 78-year-old president whose working day begins at 5am.

Poles apart

from the Transvaal.

An eye-catching, full-page colour advertisement on behalf of AEG appeared in the latest issue of Wprost, a Polish weekly. It depicts a vacuum cleaner in the Sahara desert. The accompanying text reads:"Not everyone is willing to take on some tasks. But orders are orders. AEG domestic appliances: German precision, German quality, German cleanliness, German reliability. Everyone who knows that hooses AEG. AEG: There must

be order. Any raised eyebrows would be entirely out of place. The ad was written by young Poles at IIS agency BBDO's local office in Warsaw, and is aimed at the young rich set, who, they say, have an entirely positive image

Oh and by the way, AEG is

these days owned by Electrolux

Happy birthdate

■ With John Major, the UK premier, teasing everyone on the choice of dates available for him to chance his arm with the electorate, the political guessing

game is in full swing. If he does go for May 1, then it will be only the fourth general election this century beld in that month. Labour won at the very end of May 1929, the Tories were victorious in May 1955 and Margaret Thatcher arrived in

May 1979. The record shows that, in the 25 elections this century, most prime ministers have confronted their fate in October. Since 1935, they've been

required to take place on a Thursday. This time, Major has got until May 22 if he feels the need to hang on to the very end. It might be worth remembering, though that in 1992, be went on April 9 wife Norma's birthday. His own anniversary occurs on March 29.

Without fire

■ André Malraux, the outspoken French politician, writer and adventurer, would not have been amused. He is to be interred in the Panthéon, the final resting

place for Republican heroes, next month on the 20th anniversary of his death.

So far, so good. But he is also getting a celebratory stamp. Problem is, the 1935 photo being used for the portrait has been retouched - in these politically correct times - to remove the cigarette that had dangled from his lips. Judging from the new image, Malraux was well advised to keep puffing away on those Gitanes. He also looks distinctly chubbier and older than on the

In orbit

original photo.

American voters may not be the most conscientious in the world, but US citizen John Blaha certainly wants to vote in the presidential election.

But he can't. He has : subsequent engagement, and will be on Mir, the Russian space station. Blaha, who has been training in Russia, omitted to ask for an absentee ballot. While NASA has offered to relay Blaha's choices electronically to the county clerk's office. Texas state law is stuck in the pre-electronic era, and there are no provisions for such cases.

Now George Bush, governor of Texas and son of the former president, has been asked whether he will make an exception. He should - after all Blaha can boast a detached view.

Ginancial Times

50 years ago Helping Hand For France

The recent serious advance in French price levels makes it clear that the country's economy is passing through a critthat no time is being lost in implementing the general agreement for expanding Anglo-French trade, concluded a little over a month ago. France has to solve two main problems: the reorganisation of her public finances, to check the present wages-prices spiral, and the estab-lishment of equilibrium in overseas trade. It is to be hoped that, with the constitu-tional battle over, a strong French Government will immediately tackle the related questions of price control and the regulation of public expenditure.

Czechs To Pay Compensation At a press conference yester-day the Czechoslovak Foreign Trade Minister, M. Ripka, stated for the first time the Czechoslovak point of view on liquidation compensation for foreign investments. "We feel," he said, obliged to pay all foreign investors in full, and a special committee will be formed to discuss details of the new Government's approved compensation scheme. My opinion is that the matter should be solved quickly,"



FINANCIAL TIMES

Friday October 25 1996



Tokyo prepares to resume aid to China after 18-month break

By William Dawkins in Tokyo

The Japanese government may soon grant aid to China, after a break of nearly 18 months, in recognition of Beijing's decision to sign the United Nations' global ban on nuclear

An end to the block on aid imposed in May 1995 - would be seen in Beijing as a sign of Japanese goodwill at a time when bilateral relations are extremely strained.

A foreign ministry proposal to resume aid, suspended as a protest against a Chinese nuclear test last year, is awaiting the approval of the incoming government. The leading political parties are still struggling to put together a new coalition after last Sunday's national election. Aid could be resumed before the end of that a message of goodwill to before last Sunday's election

Tokyo's feelings towards the Beijing government soured further when China carried out a second nuclear test last July. In the run-up to that explosion, Japan even considered extending the aid ban to include official soft loans. which make up the bulk of its official funding for China.

Beijing's relations with Tokyo came under additional strain in the following two months because of a dispute over a group of islands in the East China sea.

Japanese officials stressed yesterday that any decision to renew aid to China would simply be a consequence of the end of testing. It would not be an attempt to calm the dispute over the islands.

They admitted, however,

usually helpful to Japan's hopes of re-establishing relations with its second largest trade partner.

Japan disbursed Y7bn (\$64.8m) in grants to China mainly for medical, educational and humanitarian needs - in the year to March 1995. Subsidised credits, which Japan lends for infrastructure projects, reached Y140bn in the year to last March.

Japanese officials called on their government to consider lifting the ban soon after China announced a moratorium on nuclear testing following the explosion in July. The UN test ban treaty was signed tion to resuming aid, but the three-party coalition that ruled

the year, officials said. Beijing might be more than was nevertheless unable to reach a consensus.

> A decision was delayed by the election campaign, in which foreign policy concerns played almost no part.

The dominant Liberal Democratic party fell slightly short of a majority and policy decisions have been put on hold while it puts together a alli-

LDP officials do not expect to convene parliament to select the next prime minister until November 7. The next cabinet would be formed shortly after that.

 Taiwan government offi-cials yesterday forbade activists from making a flight to the disputed East China Sea islands, which are also claimed by Taipei. The activists had hoped to drop flags on the des-erted islands today.

EU jobs market report blocked

European industry leaders are furious that release of a comprehensive report on EU competitiveness is being blocked because of an ideological rift inside the European Commission over the need for greater labour market flexibility.

Unice, the European employers' organisation, believes publication of the report, which traces the link between high unemployment and labour market rigidities, is a central test of Brussels' willingness to endorse labour market flexibility and deregulation.

Officials from the Commission's social affairs directorate want to exclude aspects of the report, in particular two graphs that demonstrate the

Industry leaders angered as Brussels rift causes hold-up

unemployment and high ings of their economies. redundancy costs and between high unemployment and complex labour market laws.

"Europe suffers from low rates of net job creation and low rates of employment," said Mr Francois Perigot, president of Unice. "It is high time to look more deeply into this phe-nomenon and see to what extent the functioning of the labour market itself can be considered a major cause."

Mr Perigot's demand comes against a background of renewed tensions in countries where governments are carrying out politicorrelation between high cally sensitive restructur-

In Germany yesterday tens of thousands of workers staged a second day of nationwide protest against employers' demands that labour costs be reduced. Belgian unions have called a general strike for Monday in protest over govern-

Industry's demands for greater job flexibility are being countered by the desires of trades unions, public sector enterprises and social policy officials to preserve the traditions of European welfarism.

ment welfare reforms.

"The split is philosophical," said one Commission official. "DG5 [the social affairs direc-

prepared by the industry directorate and looks in detail at the performance of the European economy and European industry. But objections from DG5, as well as reservations from officials in the environment directorate, mean the Commission has only issued a "communication" relating to the report

Yesterday a senior industry figure said it was very important the Commission gave its support to fundamental changes. "This is very worrying for us because labour market rigidities and changes to the welfare system are the two most difficult reforms needed to boost employment in

IMF set to halt Russian aid over tax and debt record

By John Thomhill and Chrystia Freeland in Moscow

The International Monetary unsettled by the breakdown of remain above 50 per cent. Fund is likely to suspend the talks and Russian equity latest tranche of its \$10.2bn loan to Russia because of the government's poor tax collection record and its reluctance to open up its debt market to foreign investors.

A mission of IMF experts. which monitors the Russian government's compliance with its loan agreement every month, left Moscow yesterday after failing to reach agreement with local officials.

'In the course of discussion of some elements of the economic programme the parties did not reach a consensus on a number of issues. This does not permit the mission to pre-pare a report at the moment,"

said a statement from the Rus- granting foreigners greater sian central bank.

prices slid by more than 5 per cent. Government debt prices also fell sharply, complicating the central bank's plans to issue a benchmark eurobond

The IMF has repeatedly criticised the Russian government's record of tax collection and delayed handing over July's \$340m tranche because of concerns about a widening budget deficit. Payments were later resumed after the government lifted tax revenues the following month.

The IMF is believed to have objected to the government's failure to deliver on previous commitments and its delays in

access to the local government Foreign investors were debt market, where yields

In recent weeks, the government has acknowledged the severity of its revenue shortfall and set up an extraordinary commission to target the worst corporate tax debtors. It has also threatened to put companies into bankruptcy unless they pay up.

Economists suggest the government's authority has been undermined by tax privileges granted to favoured companies before the presidential elec-tions and by political uncertainties over President Boris Yeltsin's health.

The loan, the second bigges the IMF has ever granted, was designed to support Russia's shift to a market economy.

FT WEATHER GUIDE

Overhaul at Philips

Nearly 6,000 jobs are already ganisation initiated in July at its Sound & Vision unit, maker equipment. The latest Fl 1bn provision comes in addition to a Fi 800m first-half charge

taken to cover those job losses Philips declined yesterday to specify where the axe would now fall, or how many more positions would go as a result. Dutch trade unions fear another 1,500-2,500 jobs would be shed within the Nether-

Continued from Page 1

iobs in the early 1990s, but began to rebuild in 1994. set to be cut as part of a reor-

Shares in the company weakened initially in Amster dam yesterday but closed Fl 1.70 higher at Fl 58.30 as investors took heart at Mr Boonstra's pledge to unlock shareholder value.

lands alone.

Switching on Philips FTSE Eurotrack 200: (821.6 (-10.6)

THE LEX COLUMN

July's restructuring. Mr Boonstra has set demanding targets. If he achieves double digit earnings growth and a 24 per cent return on net assets, Philips shares represent a bargain. Investors have been here before, with promises that loss-making divisions will be revitalised or axed. However, as an outsider Mr Boonstra looks far more likely to deliver, and his mes age that Philips will do more with less is a welcome one. Besides, given the shares' significant dis-count to break-up value, if he cannot deliver value under the existing structure, he will be under far more pressure to change it.

Mr Cor Boonstra, Philips' new

president, is out to make his mark.

Three weeks into his tob, he has

already issued a profits warning

and a Flibn (\$578m) restructuring

programme. But he has revealed

plenty of need for change. At a time

of dwindling profits, Philips

increased staff numbers by 6,300

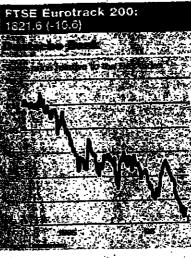
between January and September -

more than the job cuts proposed in

Imperial Chemical Industries is past the worst. Destocking is over, volumes in mainland Europe are rising for the first time in 18 months and steady economic growth will feed through into demand. Moreover, the management is busily cutting costs - £90m of the £400m of savings promised by end-1997 is already in the bag. Even so, the group is not much of a recovery stock. In several of its biggest businesses massive overcapacity will continue to depress prices and profits.

Considering all that, the shares remain highly rated. Even though its three big German rivals still have the higher-quality earnings of their drug divisions, all four companies are trading on around 13 times next year's earnings. ICI's valuation is supported by a 5 per cent yield. But rapid dividend growth and share-buy backs appear incompati-ble with its strategy of buying more stable downstream busine

Investors in British Sky Broadcasting have every reason to be wary of News Corporation's complex \$1bn debt issue. Attaching warrants to some of News Corp's BSkyB stake amounts to a bet by Mr Rupert Murdoch that BSkyB



over the next five years. For a stock

that had risen 56 per cent this year done, that is no vote of confidence. The debt issue looks like classic opportunism from Mr Murdoch. His money is tied up in News Corp, whose shares have not reflected BSkyB's boom because of concerns over its huge investment in global pay-TV. However, BSkyB has its own equivalent project, DF1 in Germany, and investors have ignored the significant short-term costs and risks of this. As debt repayment slows and UK taxation increases, BSkyB's earnings will start to look less dynamic, while the regulatory environment could deteriorate. News Corp shareholders should be grateful, but those of Granada may feel less so. Its 11 per cent stake in BSkyB has become a far less saleable commodity, and given the pitiful dividend income from a £1.2bn (\$1.9bn) investment, Granada does not look like a long-term investor.

Deutsche Bank

While Germany's Dax index has this year been marching to record highs, Deutsche Bank has been travelling resolutely in the other direction. Yesterday's results will have done little to arrest the trend. Once more, Deutsche has disappointed, with the 9 per cent increase in net income well below expectations. Admittedly, the results were dented by the unexcted cost of mopping up behind Mr Peter Young, the rogue trader in its Morgan Grenfell asset management arm. But this should not obscure the bank's deeper-seated

The good news is the evidence shares will rise less than 20 per cent that the bank's huge spending on

Fee and commission income rose but most impressive was a 47 per cent jump in trading profits to DM2.1bn (\$1.4bn). These now consti tute two-thirds of total income. But this is a double-edged sword. Large, ing big risks, which can backfire.
Moreover, they will fall when many kets subside. Stringing and provisions, the core businesses. are performing hadly. This can be laid at the door of poor cost control The cost-income ratio of 71 per cent is a long way from the "mid-sixties" the bank is hoping for by the end of

next year.

H Deutsche's strategy is not in fall into serious disrepute, it will have to start beating expectations, not disappointing. Short term, the huge Deutsche Telekom placing. should help. Further out, profits in its corporate business will need to

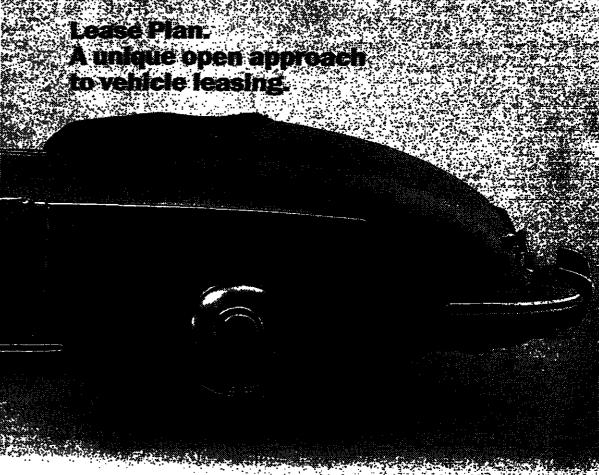
Standard Chartered

The City's ambiguous attitude to Standard Chartered is once again on display. At the mid-year, the share had outperformed the bank-ing sector by 20 per cent, but that premium has evaporated. To an extent this was predictable, given the performance over the past two years. Bullish forecasts of 20 per cent operating profits growth a year for an extended period left the

shares volnerable. However, there has been little cause for concern. The market has taken subdued foreign exchange profits and evidence of higher spending to secure growth as sufficient excuse to downgrade the shares. The foreign exchange problem of a one-off shift to lower margins is real enough. But currency trading comprises little more than

10 per cent of the bank's revenues. Insufficient weight is being given to Standard's status as a growth stock, two-thirds of whose profits come from Asia. There are some signs of an economic slowdown in a the region, but Standard has a strong personal banking franchis with excellent growth prospects across south east Asia. The shares are trading on a prospective price/ earnings ratio of below 11 for 1996 By contrast, its Asian peers are on ratios of 15-19 times earnings. The current spell of weakness looks like a buying opportunity.

> Additional Lex comment on executive pay. Page 23



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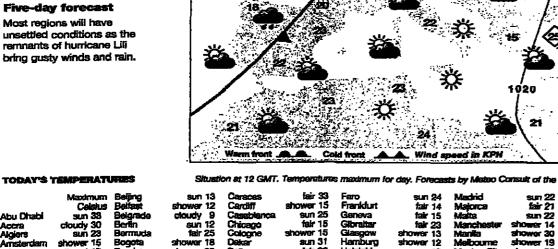
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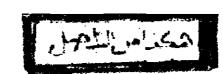
Europe today Most areas will be

unchanged. There will be patchy cloud as a front moves east from the UK. Behind the front, showers will develop, especially in coastal regions. Central areas will have morning fog and sunny spells later. The Ukraine will be cloudy. Most of the Mediterranean will be sunny. The Spanish and French coasts will have Five-day forecast

remnants of hurricane Lili bring gusty winds and rain.



fair 33 cloudy 7 tair 29 sun 22 fair 18 Caraces
Cardiff
Casabler
Chicago
Cologne
Dekar
Dalles
Delhi
Dubal Hangoon
Reykjevik
Rio
Home
S. Fisso
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Tel Auty
Tokyo
Toronto
Vancouver
Vanica
Vienna
Warsaw
Wassington
Wellington
Winnipeg sun 16 hower 32 sun 10 feir 15 sun 24 fair 24 thand 25 More and more experienced travellers make us their first choice. Lufthansa



RECRUITMENT

Richard Donkin on the analysis of overseas placements

Expatriate examination

hould companies be doing more to estimate the worth of their expatriate employees given the size of investment in foreign assign-

FRIDAY (KIRING)

Section Colors of Section Colors

Ernst & Young, the accountants, was arguing at its expatriate conference in Paris that companies should adopt some sort of financial analysis of expatriate place-

It said that it found a surprisingly casual attitude to the evaluation of expatriate assignments among some 100 international companies it surveyed in Europe and north America. Only a quarter of the companies said they prepared any formal business case for relocating an executive and less than half said they agreed a set of documented objectives.

Less than a fifth of the employers regularly checked on their expatriates to see how they were performing the executive in the home and only a third bothered country.

UK living costs

Greater London 222,991 Belfast £16,609 -28 **Dinningha**m 219,974 Edinburgh £20.313 −11 218,150 -20 £18,365 --20 Notiligham £17,712 25 Southempton £19,192 -17

formally to interview return-

ing executives. More than a third of those surveyed did not feel their expatriate programmes had gone well. Cathy Turner, Ernst & Young's head of human resources consulting, said: "These findings are even more surprising when it is borne in mind that sending executives abroad can typically cost anything from 3.5 to 7 times the cost of keeping

"Relocating a manager and his family to, say, Japan for a three-year stint would cost at least £1.5m and probably more. In what other part of the business would this sort of expenditure not be analysed carefully?" So should companies be

There seems to be a diver-

gence here between the natural cautiousness of accountants and the instinctive feel of companies such as Shell International, one of the most experienced companies in expatriate employment. It does not plan to introduce such an analysis. Its expatriate assignments are necessary, it says, to transfer skills and technology and to gain international exposure for managers. Given the breadth of experience and development possible in such a posting it is questionable whether any satisfactory measurement of benefit

costs, it is time to update the Cost of Living Index in the table (right) that lists a sample of cities drawn from PE-International's Worldwide Living Costs survey which covers about 120 countries. The exchange rate is that on doing more to evaluate expa-July 31. To update the index, triate costs and benefits? divide the exchange rate by the new rate and multiply the result by the table's index figure.
The index is drawn from

six European cost of living indices and is based on the consumption needs of a married couple with two schoolchildren. It excludes house rents and tax levels.

Reward Group has supplied some differentials from its latest UK Regional Cost of Living Report. The figures in sterling (shown in the smaller table) are the required incomes for a family of four living in a threebedroomed semi-detached chiefs tiring of making living

International living costs index: selected cities

Country	City	Living cost index	Exchige rate £1 =	ซอก	Country	City	Cost index	Exchige reta £1 =	Har Har %	Country	Caly	cost	rate #12	ttori %
iceland	Roykjavík	153,55	103.764	2.4	Israel	Tel Aviv	190.89	4.956			Ohicago.	; 85,09 . 87,72	39.141	. 234 6.1
موصفل	Tokyo	155.46	168.834	0.3	Chile	Sentiago	100.73	632,539		Theiland	King Lampu		1.3.851	3.6
Monway	.Casto	132,17	10,072		UK .	London	100.00		49		FB002	86.70	130.727	89.5
Swigerland	Geneva .	126,62	1.943	0.7	Croatea	Zagreb	98.73	8,465 1 98,2 48		Nigeria Canada 🔑		185.82	2.098	125.
Gemeny	Berlin	128.41	2.358		Spain :	Modeld	97.72	0.973		Ultraine	Kiev	85.50	279500	100
Hong Kong	Victoria	124,27	11.937	5.4	treland	Dublin	97.40			Terlesy (**	Antonia	B5.06		92.9
Derengek	Copenhagen	123,52	9.085		Theuponia	Luxumbourg					Managua	84.93	12.932	8
Germeny	Hamburg	122.98	2,358	1.7	US .	New York	95.30	1,542		Nicaragula	Secheles.		4795.462	704.10
Germany .	Bonn	12020	2.358		Tenzette	Dar es Satta		917.78			Lounte	84.04	2.098	1.5
Synus	Detrascus	119.88	64.708	15.3	Netherlands	Amsterdan 1	95.80	. 85.418 3.781		Canoda US	Liga Angeles			
Finland	Helanki	119.21			Peru	Linea	95.70				New Deh	83.78	53,833	9:8
Sweden	Stockholm	118.55	10.198		Jordan	Amman	95.05	1.095		ingla Paritanta 7.70			53,916	
Britzi	Smelle .	115.41	1.549		Paris see	Moscow	94.61	7880.55			Kerecei	برميسي 81,20	88.346	2.8
Germeny	Frankfurt	116.27	2.358	1.7	Morocco	Casablanca	94.56	13.548		Kenya	Narobi			
France	Para.	115.83	7.977		Bangladesh	Dacca	94.40	65.83			Corp .	BD.74	1.542	0.8
Belgium	Brussels	111.58	48.508	1.9	Sri Lanka	Соютью	94,40 ≈° 04.00÷	86.017		Panama	Panama City	80.63°		
Kores (3th)	Secur	111.20	1247.418		Ghana.	MARKET		~25343 81		Personal	Cohrama.	79.88	6.687	10.0
Austria	Vienna.	110,65	16.595		Greece	Athens	91.46	373.053		Swazdand	Mbabane		4825.853	
Chara	Boiling	110.24	12.834	8.9	Portugal	Lisbon	91,43.	242,245		Equador	. Des	79.70		
Singapore	Singapore	109.40	2177	1.2	UAE	Abu Dhabi	90.80	5.665		Czech Rep	Prague	76.38	42.839	8.7
Argentina	Busnos Aires	107.86	1.54	. 0.3	Search	. Filo de Janei				Under		373382	232:306	
Talwan	Taipei	108.32	42.684	2.8	Bahrain	Manarna	89.50	0.583		Zimbabwa	forms	73.25	15.216	21.1
italy	Miles	105.88	2867.806	4.3	indonesia.	Jekarta	89.41.	3590 IS		Messon	Meidon City	, 68 GA	11.735	
Soudi Arabia	Rivadh	104.85	5.795	4.7	Turnisia	Tunis	88.84	1.513		South Africa			6.667	5.8
New Zeelend		104,33	2.26	5.9	Philippines	Maria	88.70	40.9	904	Hotela 11		. ≻60.75 .	£ 7.836	10.8
Italy	Rome	103.64	2367,808	4.3	Poland	Warsaw	88.44	4.18		Venezuela	Caracas	57.77	722.698	89.5
KLAWER (:	Kumat	108.54	0.463	4	Cyprus	Nicosla	28.37	078	ap,			Sou	rce: PE Inte	metionel

from a UK regional base, the a mortgage. The third column shows how much less it costs to live in Greater Lon-

don in percentage terms. becoming academic in some businesses, at least for European locations, as there are increasing signs of personnel

within the European Union. Some argue that since the foreign assignment is often Such calculations are stage of employee development, where there is little obvious hardship it need not

he loaded with extra benefits and inducements. I have some sympathy

expatriate assignment has been something of a gravy train for too long. As the UK regarded as an important survey shows, local living OHW. Tel 01784 434411. costs within a country can vary widely.

Now that we have Channel tunnel is it really so different living in Brussels as opposed to Edinburgh?

To help make calculations house which they own with cost adjustments for jobs with these sentiments. The Worldwide Living Costs is published by P.E International, Park House, Wick Road, Egham, Surrey TW20

> The UK Regional Cost of Living Survey is £180 from Reward Group, Reward House, Diamond Way, Stone Business Park. Staffordsnire ST15 OSD.

Director of Operations

Retail Financial Services

Board level appointment with opportunity to drive quality delivery Six Figure Package

Home Counties

Our client is a leading retail financial services organisation, with a full range of products including unit trusts, PEPs, pensions, insurance and banking services. The Operations division services and processes all business relating to the company's retail activities, focusing on delivering quality service to clients and professional intermediaries.

The company now wishes to appoint a new Director of Operations. This is a Board appointment reporting directly to the Chief Executive. The appointee will: manage a team in excess of 350, ensuring that staff deliver quality service in a consistent and

professional manner; implement new levels of efficiency and productivity to a defined cost budget;

• maintain effective reporting procedures within the group and at regulatory level.

Candidates will have extensive experience in financial services operations at senior level. Ideally, they will have managed



Please send a full CV in confidence to GKRS at the address below, quoting reference number 574] on both letter and envelope, and including details of

the processing operation of a major retail financial

services business, although a background in wholesale

financial services operations, consultancy or facilities

management would also be of interest. Candidates should be mature and resilient, with excellent

communication and people management skills. They

should combine a commitment to change management

and continuous business improvement with the ability

This is a challenging role offering a high degree of

Board level involvement in the management and

development of a successful organisation operating

in a fast-moving environment. The salary and

benefits package will reflect the importance of this

current remuneration.

to win credibility at all levels throughout the group.

SEARCH & SELECTION A GKR Group Company

EMERGING MARKETS



INVESTMENT BANKING - MOSCOW

Economic and financial progress continue space in Russia and the CIS. In an environment greatest. This is a unique opportunity for talented professionals to assist in the process of development and experience first-hand the growth of one of the world's most exciting markets. Our client, a prominent Investment Stank, is at the forefront of these financial markets and is a leading arranger of equity, lebt and M&A transactions. The firm seeks to recruit at Analysi, Associate and Vice President level.

Candidates will have a first class degree and an innovative approach to problem solving. Russian language skills would obviously be an advantage, are not a prerequisite. For each of the positions experience (detailed below) will have been gained within leading financial lusti

ANALYST:

· Experience could have been gained within a corporate finance environment, accountancy firm or management consultancy. The successful cardidate will exhibit advanced analytical and modelling techniques as well as the unique blend of skills required to be successful within this most demanding of environments

 A minimum of one year corporate furance experience and the willingness to assume increased response the transaction process

VICE PRESIDENT:

 5-7 years corporate finance experience Proven transaction experience preferably gamed within mergers and acquisition

• Strong execution skills

The company offers unprecedented opportunities for rapid advancement in a test a measured professional approach are recognised and rewarded.

e. Sendon ECCN 5BT. U.K., "Telephone: - 44 171 ox60 4744. Have +44 171 680 4717 or Emple Graf

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EQUITY PORTFOLIO MANAGERS

Middle East Based

Competitive Tax Free Package

A prominent and highly regarded pan-Arab Financial Institution, located in the Gulf region, seeks to appoint two highly motivated investment managers to join it's successful Treasury and Capital Markets Group with responsibility for managing a substantial equity based portfolio.

Portfolio Manager - Equities Reporting to the Group Head, you will be responsible for equity portfolio management/trading.

In-depth knowledge and extensive experience of the

US equity markets is essential. Formulate and implement investment strategy and

contribute to Group asset allocation process.

A graduate, ideally aged 35-45 with a minimum 10 years' equity investment management experience.

Good understanding of international equity markets especially US and European sectors. Strong analytical skills and knowledge of economic

Assistant Portfolio Manager

◆ Reporting to the Manager ~ Equities, you will be

responsible for equity portfolio investment/trading.

A graduate, ideally aged 30-40 with a minimum 5 years' . equity investment experience either as an analyst or

Candidates should be commercially minded team players with a good understanding of spreadsheet and database applications. Excellent written and oral communication skills are expected as is the ability to work in a multicultural environment

This is an exciting opportunity to participate in the activities of a dynamic and progressive group. The competitive tax free compensation package, which includes free furnished accommodation, transportation and educational allowances, medical plan plus generous end of service gratuity, reflects the importance placed on these key appointments.

Please send your Curriculum Vitae in strictest confidence to Brian Jarvis or Phillip Wright, or telephone for an initial discu

Devonshire executive

RECRUITMENT CONSULTANTS GROUP 2 London Wall Buildings, London Wall, London EC2M 5PP Tel: 0171-588 3588 or 0171-588 3576 Fax No. 0171-256 8501

Opportunity to join a growing German bank.



CREDIT ANALYST

UP TO £35,000 + BONUS **MAJOR GERMAN BANK**

Our client is again expanding its Corporate Risk Management team. The Credit Analysts work closely with the Corporate Bankers and are responsible for both company and transaction analysis for major British and international corporates within specific sectors. We invite applications from candidates with credit training from a leading bank and a minimum of two years' experience of analysing large companies with complex consolidated accounts and exposure to structured or project finance transactions. There will be the opportunity to add value to the structuring of complex deals and the constant intellectual challenge of building expertise in new sectors. There is scope for excellent long term career progression. Initial remuneration is negotiable up to £35,000 + bonus and good bank benefits package.

Applications in strict confidence, quoting reference CA5831/FT, to the Managing

Director, CJA.

DOMINICK & DOMINICK Senior Equity Sales

This respected stockbroker headquartered in New York has been established since 1870 and in London for over sixty years. It also has offices in Luxembourg, Basle, Hamburg and Stuttgart. Enjoying excellent relationships with a variety of institutions and private clients, it now intends to expand and is seeking a number of self sufficient individuals to join the team.

With long standing profitable relationships with reliable institutional or private clients, you will currently be generating substantial commissions on sales of bonds or US equities to UK or European clients. Age is immaterial and, most important of all, you will have a genuine reputation for integrity and reliability, and will welcome the opportunity to think independently.

Ideal candidates will appreciate flexible working conditions and the potential for coverage of a wide range of institutions and private clients at attractive compensation levels. An aptitude for cooperation and contribution to a team is essential.

Dominick & Dominick is regulated by the SFA in the United Kingdom.

In the first instance please write enclosing all relevant details to: The Managing Director (Ref HHD), David Sheppard & Partners Limited, Kingsbury House, 15-17 King Street, London SW1Y 6QU.

David Sheppard & Partners Limited

INTERNATIONAL UNDERWRITER REINSURANCE

\$120,000 - \$150,000 tax free

BERMUDA

Our client is the Bermudan subsidiary of an international insurance group which underwrites a diverse range of property, liability, marine and aviation insurance and reinsurance business on a worldwide basis. Projected growth plans have now created the opportunity for a senior international underwriter to join the successful Bermudan team to help extend their international coverage.

The Position

Report to the Senior Vice President, Underwriting.

Active involvement in setting overall

underwriting strategy and business plans.

Develop individual product line specialisations whilst participating widely within the underwriting activities.

Take responsibility for specific regional exposure

The Requirements

An accomplished international underwriter with a clear record of success.

Specific experience in property and liability treaty reinsurance gained across several markets.

Well developed analytical skills together with ability to build meaningful relationships. A team player who can also operate with considerable autonomy.

A desire to travel and, ideally, fluency in a second

lease send your CV with current salary details to: Fiona Jobson, K/F Selection, 252 Regent Street, Landon W1R 6HL,

quoting ref: 5082/B. Alternatively send by fax on 0171-312 0020 or by e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

ΙI

Property Finance

Six Figure Package

London

Build a business. Attractive career opportunity for ambitious property finance professional.

professionals.

QUALIFICATIONS

development skills.

THE COMPANY

- Highly regarded international firm. Reputation for providing proactive and top quality service.
- ◆ Performance driven culture. Real belief in
- investment and development of staff. Clear strategy for growth and diversification. Strong management team.

THE POSITION

- ◆ Key management role to lead and develop expanding property finance team. Contribute to
- and drive forward strategic direction. Responsible for handling all aspects of financing

record in property finance. transactions, specific focus on structured value-

Please send full cv, stating salary, ref FS61005, to NBS, 10 Arthur Street, London EC4R 9AY





Tel 0171 623 1520 • Fax 0171 623 1525 Edinburgh • Glasgow • Leeds • London chester • Slough • Madrid • Paris

Build relationships at senior levels with banks,

Strong technical background in property financing

Ambitious entrepreneur with drive and vision to

transactions combined with advanced business

build business. Excellent management skills. Team

Commercially astute with demonstrable track

property companies and other property

Israeli Equities Specialist Analyst Global Investment Bank

Excellent Package

City

Unique opportunity for experienced, talented individual to focus upon expanding market.

THE COMPANY

- Prestigious, innovative, profitable banking group.
- Success story within investment banking. Headquarters in London with office network in over 20 countries.
- THE POSITION Reporting to Head of Emerging Markets, join
- rated research on the Israeli market.
- ambitious, growing team with reputation for
- High profile, autonomous position producing own
- ◆ Conduct in-depth analysis of UK and Israeli equity markers. Interpret figures and strategies for clients/investors in both Hebrew and English.

OUALIFICATIONS A degree in finance-related subject essential:

Highly numerate with minimum two years' experience gained in UK of analytical research in Israeli equity markets.

◆ Experience of UK and Israeli economies/markets required. Possess in-depth understanding of both

Highly motivated. Rigorous analytical ability. Written and verbal fluency in English and Hebrew essential.

Please send full cv, stating salary, ref FS610A1, to NBS, 10 Arthur Street, London EC4R 9AY





Tel 0171 623 1520 • Fax 0171 623 1525 Edinburgh - Glasgow - Leeds - London

Top Analysts required

Major Investment Banks

Outstanding Packages from £50 - £250,000

Jonathan Wren is the leading recruitment consultancy for experienced credit, risk and research analysts. Here are some of the assignments that we need to fulfill:

- Sovereign Analyst for Trading Floor
- Sovereign Analyst for Credit Research
- Sovereign Analyst Fixed Income
- Research Analyst for Emerging Markets to £ 75,000 Credit Analyst (Aerospace)
- Analysts for Structured Finance
- Analyst Structured Finance
- Counterparty Analysts
- to £250,000 package
- to £100,000
- to £ 70,000
- to £ 50,000
- to £100,000
- to £ 40,000 to £ 60,000

Interested candidates should send their CV, quoting reference number P30280, to Ron Bradley, Director/Head of Permanent Recruitment.

Jonathan Wren & Co. Limited ncial Recruitment Consultants No 1 New Street, London EC2M 4TF



Telephone: 0171-623-1266 imile: 0171-626-5257

MJAOR INVESTMENT BANK SENIOR CREDIT RESEARCHER

PACKAGE C £80,000

LONDON

Our client, a major investment bank, is seeking an experienced (3 years+) Credit Researcher to take responsibility for a range of credit research activities on the trading floor.

Responsibilities will include ratings advisory, capital structure "debt-analysis" related functions, analysis of trading counterparties and assisting in the management of clients credit risk. Additionally candidates must have the ability to assume product manager responsibilities for one of the many trading products handled in London and become involved in a variety of broadbased risk management projects.

Educated to Degree/MBA level you will have strong analytical skills, fluency in German (would be helpful)/English, and have good knowledge of the investment banking industry. Interested candidates should send a copy of their CV to Ron Bradley, quoting reference number P30279 at the address below. All enquires will be treated in stricted confidence.

atban Wren & Co. Limited No 1 New Street, London EC2M 4TP



ne: 0171-623-1266 Facsimile: 0171-626-5257 erve: 100446,1551

QUANTITATIVE ANALYSIS EQUITY DERIVATIVES

London

Morgan Stanley is a major investment bank with a high-profile presence in global derivatives markets. We currently have an opportunity in the Quantitative Analysis

You will be responsible for the development, testing and application to clients' problems of new and existing financial models. These will include risk models, optimal portfolio selection, indexation products, transaction cost analysis and index enhancement strategies.

- · A strong background in applied mathematics, statistics and/or engineering
- Substantial computer programming experience
- The interpersonal skills to interact effectively with internal and external clients
- Experience in financial markets is highly desirable.

To apply, please send your CV with covering letter, to: Jenny Thomas, Office of Development, Morgan Stanley, 25 Cabot Square, Canary Wharf, London E14 4QA.

邀 Schroders

Equity Analyst, Poland

London Based

£Excellent

This is an exceptional opportunity for a talented individual to develop a career in equity analysis with one of the world's premier international investment banks.

As a member of Schroder Securities' highly rated Emerging Markets team you will have a demanding and high profile role, responsible for Polish coverage. You will provide the equity sales force and institutional investors with in-depth company research, country overviews

Fluent in written and spoken Polish, with either a professional finance qualification or an MBA, you must be an excellent communicator. with commercial acumen. You will have a strong analytical background and proven intellectual ability. Your capacity to maintain and develop long term business relationships is matched only by your drive and determination

If you have the necessary prerequisites, please contact Patrick Jones or Edward Akerman at Amery Cooper, by sending a detailed CV stating current remuneration to Chesham House,

to succeed in a pressurised, fast moving and highly rewarding environment.

150 Regent Street, London W1R 5FA or faxing details for their attention on +44 171-734-4166. Direct responses to this advertisement will be forwarded to Amery Cooper.

RECRUITMENT

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MORGAN STANLEY

Your Key Investment Bankers. **※SBC Warbura**

A DIVISION OF SWISS BANK CORPORATION

Debt Capital Markets Associates - Emerging Markets

SBC Warburg is a pre-eminent capital raising house for borrowers from both OECD and emerging economies. It now seeks to deepen its coverage of sovereigns, financial institutions and the corporate sector of emerging Europe. To facilitate this process the bank now seeks two associates to assist with marketing and structuring debt funding and liability management solutions for dients based in the region.

The ideal candidates must:

- Possess a degree from a numerate discipline such as; Mathematics, Physics, Economics or Engineering.
- Have a minimum of one year's experience in debt capital markets, combined with a broad knowledge of banking products and facilities. Alternatively, they may come from a trading background in either cash or derivative instruments.

- Be familiar with the mechanics and structure of interest rate markets.
- Be completely fluent in one or more Eastern European languages.
- Possess the potential to develop into an independent marketer with his/her own geographic responsibilities in the medium term.
- Be a strong team player, mature, credible and energetic, capable of working across a range of cultural boundaries in a creative, dynamic and world-class banking environment.

If you feel you possess these qualities and are looking for a way to develop you own career in the world's most exciting and demanding markets write to Niall Macnaughton at BBM Selection, 76 Watling Street, London EC4M 9BJ quoting Ref:410 enclosing a full CV and contact telephone numbers. Alternatively, Fax 0171-248-2814 or E-mail 410@bbm.co.uk. All applications will be treated in the strictest confidence.

THE A - Z OF FIDELITY



Institutional Business Development - Continental Europe London-based. Extensive travel. Excellent package.

Fidelity is the world's largest independent investment ement organisation, with clients' assets exceeding \$470 billion. We serve over 10 million retail and institutional investors around the world. The institutional asset management group offers segregated portfolio management and pooled vehicles to pension funds, insurance companies and government agencies who have entrusted more than \$45 billion to us.

Our European marketing team is looking to further strengthen our position on the Continent. Privatisation and pension reforms now taking place offer great opportunities for the investment management industry. Fidelity is uniquely positioned and committed to benefit fully from this exciting growth potential. Our London based marketing team now seeks to expand its business development in Germany and Switzerland.

Of graduate calibre and fluent in English and German, you will

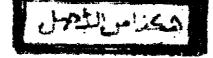
need at least five years' experience of the investment industry, exposure to German/Swiss institutional markets, a proven record of business development - and the flexibility to excel in s hands on role which involves communicating at Board level. In addition, you will need to be a self-starter and have strong presentation skills.

In renum, you can expect an excellent compensation package, a commitment to your personal development, an entreprenential working environment second to none and exching career opportunities throughout a global investment furn.

To find out more, please send your CV, quoting reference: IBD/23.10/FT, to: Chris Woodman, Fidelity Investments, Oakhill House, 130 Tombridge Road, Hildenborough, Kent TN11 9DZ Fax: 01732 832792.







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FINANCIAL TIMES FRIDAY OCTOBER 25 1996

Kleinwort Benson

Member of the Dresdner Bank Group

CORPORATE FINANCE

ASSISTANT DIRECTOR - MANAGER - ASSISTANT MANAGER

Kleinwort Benson is one of the world's leading. fully integrated, investment banks and is recognised as a major force in international investment banking. In 1995, Kleinwort Benson became part of Dresdner Bank AG, one of Europe's leading financial services groups. The Corporate Finance division has a truly global franchise based upon a sector focused approach and a culture dedicated to sustaining long term client relationships. In 1995, Kleinwort Benson advised on M&A transactions valued at more

Six figure package

Reports to the Chief Executive on credit risk

Managing credit risk team on exposure to

issues, including the credit approval process and on-going measurement of credit exposure to

counterparties across all instruments on a mark to

Ensuring treasury credit risk team assess accurately counterparty exposure to both simple and complex derivative instruments and credit risks associated with any new product.

Please send your CV with current salary details to:

Sara Kenderdine-Davies, K/F Selection, 252 Regent Street, London W1R 6HL, quoting refi 90512/B.

The Position

counterparties.

than £16 billion, and was ranked as No 1 investment bank by value for advising UK companies on overseas M&A and advised on 35 privatisations in 19 countries. 1996 continues to be an extremely active year.

Kleinwort Benson is currently looking to recruit a small number of high calibre personnel at Assistant Manager, Manager and Assistant Director levels. Candidates, whether generalists or industry sector specialists, will have the drive and ambition to thrive in a business-getting

environment and will be excited by the challenges that the opportunity to join Kleinwort Benson offers. All roles will require candidates with previous corporate finance experience in varying degrees, depending on the level of entry. Excellent academic qualifications, a high degree of numeracy and first class interpersonal skills are equally essential criteria. It would be an advantage for candidates to possess some degree of industry specialisation and/or fluency in one or more continental European language.

ALL POSITIONS OFFER A HIGHLY COMPETITIVE SALARY AND BONUS STRUCTURE

For further information please contact in strictest confidence our Managing Consultants David Goodrich and Julian Davey

Prime Executive

Bell Court House, 11 Blomfield Street, London FC2M 7JF Tel +44 (0) 171 628 0770 Fax +44 (0) 171 638 9667

SOUTH AFRICA

FLEMINGS

OIL & GAS FUND

MANAGER/ANALYST

Flemings is a leading private merchant bank with extensive domestic and international interests in fund management, investment banking and securities broking.

We are seeking a fund manager/analyst to assist our international fund management business investing in the energy sector worldwide. This is a senior and versatile position providing the opportunity to be involved in other market sectors.

The ideal person will have had experience in the oil or gas industry. They may now either be in fund management, broking or be in the oil or gas industry and considering a career move.

In the first instance, please write with full CV and salary details to: George Brown, Personnel Director **ROBERT FLEMING & CO LIMITED** 25 Copthall Avenue, London EC2R 7DR

DERIVATIVES MODELLER/ TRADER LEADING INTERNATIONAL BANK London HEAD OF CREDIT RISK MANAGEMENT

An outstanding opportunity for an ambitious, numerate market professional with prior derivatives experience to join an expanding emerging markets group.

Our client, a global investment bank, is an established force experience and an understanding of derivative products and in international developed financial markets. As part of their growth strategy they are expanding the already successful Emerging Markets Group into derivative

In anticipation of rapid growth, our client has created a role for an Eastern European specialist to work within the Emerging Markets Group. The position primarily involves the modelling of a broad range of emerging market related derivatives as well as trading Eastern European currency and money market products. The successful candidate will have at least two years

Eastern European currency

their applications. A high level of numeracy is essential for this position, hence a degree and/ or post-graduate qualification from a recognised university in a mathematical or related discipline is a prerequisite.

Fluency in English, Russian and preferably a working knowledge of a further European language is essential. For a confidential discussion on this opportunity please contact Managing Partner, Michael Brennan on +44 171 242 9000/Fax +44 171 405 6434 or E-Mail

alexmannptnrs@dial.pipex.com Alternatively you may write to him at Alexander House, 9-11 Fulwood Place, London, WCIV 6HG.

ALEXANDERS, MANN & PARTNERS SEARCH · SELECTION

trading

H&Q EQUITIES

K/F SELECTION

A challenging, high-profile and strategic role offering a unique opportunity to join a dynamic team and head up the credit risk management function in the corporate/merchant banking division of a leading banking and financial services institution.

The division provides both corporate and institutional customers with extensive treasury, banking,

commodity, structured finance, property, corporate finance, asset management, investment and international services. The group has total assets exceeding US\$25 billion and employs more than 30,000 people world-wide.

The Requirements

A proven track record in successful man management and the ability to interact comfortably with both colleagues and clients.

including exposure to complex derivative

Thorough knowledge of the traditional credit approval process and related legal requirements and the ability to simplify and modernise the

Alternatively send by fax on 0171-312 0020 or

e-mail to cv@kiselection.com Internet Home Page: http://www.kiselection.com Closing date for applications is 8th November 1996.

Be commercially orientated in understanding the role credit has in the success of the business

Extensive experience in credit risk management

Russian Equities Sales (Moscow, New York, Stockholm)

Position:

· Part of a highly motivated and progressive sales team on Russian equities, operating with the backup of a strong research department.

Qualifications: Experience from the Russian and/or other emerging markets, or the ability to transfer excellent skills gained in developed markets to the Russian one.

Russian Equities Trading (Moscow)

Trading and accumulating Russian securities within the PORTAL system.

Experience of trading in the PORTAL system and/or ADRs in emerging market equities.

Russian Equities Research (Moscow,

Stockholm)

· Senior analysts in a high-calibre team carrying out high level research of the Russian equity market. Qualifications:

Excellent graduate qualifications (preferably PhD or MBA

5 years experience in emerging market research.
Russian language skills a definite advantage.

Please send your CV in complete confidence to Hagströmer & Qviberg Fondkommission, Anders Jordanson, S-103 71 Stockholm, Sweden. Tel: +46-8-696 17 00. Fax: +46-8-696 17 08.

Scandinavian Equities Sales (New York, Stockholm)

Position:

Sales of Scandinavian equities to Swedish and American institutional investors.

Oualifications: Several years experience of sales to institutional investors.

Please send your CV in complete confidence to Hagströmer & Qviberg Fondkommission, Stefan Liljestam, S-103 71 Stockbolm. Sweden. Tel: +46-8-696 17 00. Fax: +46-8-696 17 08.

European Equities Sales (Stockholm)

 Sales of European equities to Swedish and American institutional investors Qualifications:

Several years experience of sales towards institutional in-

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Proficiency in Word for Windows version 6 and related applications is essential.

The candidate should be aged between 25 and 28, have an upper second class

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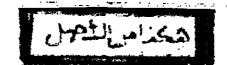
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Friday October 25 1996



IN BRIEF

Salary 1601

Trading rise aids Deutsche Bank

Deutsche Bank reported a 25.8 per cent increase in operating profits to DM3.49bn (\$2.35bn) for the first nine months of the year, lifted by strong rises in earnings from both in-house trading and brokerage. Page 19; Lex. Page 16

Chip weakness holds back Sharp Sharp, one of Japan's leading electronics groups, was held to a 3 per cent increase in first-half non-consolidated recurring profits to Y36.1bn (\$319.4m) by the drop in semiconductor prices over the past year. Page 22

Virgin Express in Sabena accord Virgin Express, the cut-price European airline, has reached outline agreement to take over lossmaking flights operated by Sabena, the Belgian airline, between Brussels and London, Page 23

mies in this Issue 21 Innerloop Techs 20 KLM 19 KazKhrom 9 Korean Devipment Bank 21 Kyushu Bectric 24 Leland Electronics 20 Liberty Investment 17 MAN Nutzfahrzeuge Munich Re 19, 17 Newcrest Mining 22 Nine Network Northwest Airlines 16 Nynex A Oceanic Capital 17 Pacific Telesis Banco de Colombia 20 Petronas 20 Philips Bell South Pioneer Electronic Placer Dome Premier Oil Bulg Resources Primark Procter & Gamble Quaker Oats 19 Reislo Russian Corporation Club Méditerranés SBC Communications SKF Continental Airlines Credit Local de Frnc Samson Santander Dana Petroleum Seven Network Sharp Smiths Industries Societé Générale Eldos Southern Southwest Airlines Standard Chartered Statoli GAN

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Tandem Computers

Thomson

4 US West 5 USAir

23, 16 Unilevs

, 17 Virgin 21 YPF

Trans-World

Chief price changes yesterday

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AMP Inc	34% -		Kureha Chem	514	_	17
Mossimo	21% -		Takeeks Sec	486		14
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Primark buys UK group for \$105m

By John Gapper Banking Editor

THE FINANCIAL TIMES LIMITED 1996

Primark, the US financial information and technology company yesterday announced a \$105m takeover of ICV, the UK company supplying share price data, and a linked joint venture with Dow Jones, the US publisher of financial information.

The joint venture, providing real-time information about international equities through the screens on traders' desks, will challenge Reuters' domi-nance in a market estimated at \$200m in annual revenues.

a series of Spanish banking

It said it had agreed in prin-

ciple to buy 26-36 per cent of the bank, Colombia's second-

largest in terms of assets and

profits, from the Gilinski

group, which has wide-rang-

ing financial and industrial

The purchase could be

worth up to \$260m, depending

on the size of BCH's participa-

tion, which still had to be

The move by BCH reinforces the important role Spanish

banks are playing in the sec-

tor's development in Colom-

bia. It follows the recent

acquisition by Banco Bilbao

Vizcaya of a 40 per cent stake

in Banco Ganadero, the coun-

Banco de Colombia, priva-tised in 1994, had assets of

\$2.44bn at the end of last year

branches, with 5,000 employ-

ees. BCH is to take its stake

by subscribing to a capital

increase next year. It said it

would manage the bank

jointly with the Galinksi

group, in keeping with its pol-icy of basing its foreign

quist in Argentina, Banco de

Asunción in Paraguay and Central Hispano Banco in Uruguay. BCH said the deal with the Gilinski group would be

the first step towards wider

collaboration in the financial

sector in the northern part of

Santander yesterday con-

cluded a deal to take control

largest bank in Mexico in

Banco Santander sees the

biggest of its extensive

operations in Latin America.

The Spanish group views Banco Mexicano, with a retail

banking network close in size

to the 240 branches Santander

has in Chile, as a platform for

Santander details, Page 20

expansion in Mexico.

the continent.

terms of assets.

local partners.

sic group of Chile.

md operates a network of 269

try's largest banking group.

interests in the country.

decided, it said.

acquisitions in South Amer-

network.

base, is a further indication of the growth of financial information services, in which Reuters and Dow Jones face competition from the Bloomberg

The joint venture, which involves merging the news arms of ICV and Dow Jones in London to provide increased coverage of equity markets and companies, will supply a mixture of historical and information both over dedicated terminals, and open data

ICV is a supplier of real-time equity information from the London Stock Exchange

combining real-time financial dealers mainly in fixed income information with news.

The venture, which will be called Primark/Dow Jones Equity Service, will compete service. It will be aimed at City of London trading rooms, and at international equities dealers and portfolio managers

around the world. Mr Joseph Kasputys, chairman and chief executive of Primark, said it had been looking for a way to add real-time data to its range of historical financial information businesses, and ICV fitted very well with its strategic aims.

and foreign exchange markets. However, Dow Jones will provide real-time data from over 100 equities exchanges.

ICV employs about 20 journalists to provide news on Topic screens relating to the London equity market. These will be combined with about 70 journalists employed by Dow Jones, and further investments

The deal makes Mr Christopher Sharples, ICV's founder. an instant multi-millionaire. It gives cash and securities worth \$57m to the family trust of Mr Sharples.

\$200m in annual revenues. through Topic terminals. But Dow Jones' Telerate finanIt is structured so that Mr
The takeover by Primark, it has not been able to compete cial information product has Sharples will swap the 54 per owners of the Datastream effectively with Reuters in been providing information to cent stake in ICV held by his

family trust into Primark shares. The total payment for ICV is 2.2m Primark shares. valued at \$61m yesterday, and \$44m in cash and notes.

The deal will give Mr David Taylor, ICV chief executive, a payment of \$18m. Both Mr Sharples, a former chairman of the Securities and Futures Authority, the City regulator, and Mr Taylor, are to take management posts in Primark.

Mr Sharples is to be chairman of Datastream International, with Mr Taylor as chief executive. "We are entrepreneurs by nature, and this deal does not change us. I'm not ready to wander off to a Caribhean Island," Mr Sharples said. Background, Page 23

SKF falls 48% as demand slackens

By Hugh Camegy In

Profits at SKF, the world's biggest supplier of roller bear-ings, were almost halved in the third quarter as prices fell and demand slackened in high-margin markets.

The Swedish group bell-wether of global industrial activity as its products are widely used in manufacturing - said demand was nositive in Asia and, to a lesser extent, in the US. It said a decline in western Europe in the first half had flattened out in the third quarter but "no general upturn is noticeable in western Europe". It added the business climate was expected to be "largely unchanged during the next few quarters".

Pre-tax profits at the Gothenburg-based group fell from SKr720m (\$110m) in the third quarter last year to SKr374m on sales down from SKr8.7bn to SKr7.8bn.

In the first nine months, pre-tax carnings fell by a smaller margin – from SKr2.6bn to SKr1.8bn. Earnings per share were down from SKr14.70 to SKr10.40.

The result was slightly beneath market expectations and SKF's most traded B-share slipped SKr4.50 to close at SKr154 in Stockholm. The 3 per cent fall was much steeper than an overall 0.18 ner cent fall for the bourse's manufacturing index. Group sales for the first nine months were down 10 per cent from SKr28.2hn to SKr25.4bn, Operating profits slid from

SKr3.1bn to SKr2.2bn. A significant factor was the adverse effect of a stronger Swedish krona compared with the same period last year. But SKF was hit by a trend of petitive pressure demand - as well as by lower volumes in Europe, where margins are higher than in

SKF said a pick-up in ca sales in Europe in the third quarter had lifted sales but sales to truck manufacturers had fallen below 1995 levels. It added that the pattern of activity in Europe varied from market to market. While Germany and other northern European markets were showing an improvement in demand, France and especially

Asia and the US.

Italy remained weak. Rising new car sales in the US helped keep sales to the carmakers there ahead of 1995 levels, but sales to the truck sector were significantly lower. The lower production rate in the truck sector was set to continue for the rest of the year, SKP said.

still weak for components from the textile industry.

BCH in \$200m Colombian expansion By David White Banco Central Hispano yesterday announced plans to take a large stake in Banco de Colombia in a deal worth at least \$200m. It is the latest in

Mike Blackburn, Halifax chief executive, is leading the building society towards flotation next June

UK society to give up bid cover

The Halifax, the UK building society, is to give up its right to five years of takeover pro-tection after it floats on the

stock market next June. The decision, made for technical reasons to free up capital. could lead to bid speculation following the flotation. However, the society, which will be one of the top 25 UK companies, believes its size will be a considerable deterrent to predators

operations on alliances with The society announced its decision on takeover protec-The deal marks a new phase tion yesterday as it and the Woolwich, another building of BCH's expansion in South society, provided further details of their share flotations America, where it has focused on a partnership with the Luknext year. Halifax said its 9m Its Chilean joint venture members would learn in Janurecently merged Banco O'Higary - when the group publishes its transfer document gins with Banco de Santiago how many shares they would to form the country's largest get from the conversion and banking group. The unit also controls the Banco de Sur an indicative pricing range. group in Peru, Banco Torn-

Woolwich said it exped ted to float in July, after publishing its transfer document in January and seeking approval for its plans from its 4m members in February.

The Alliance & Leicester, which plans to float next spring, is expected to publish its document next week. It expects its 3.5m members to vote on its plans in December.

The Halifax flotation will be one of the largest single extensions of UK share ownership. Analysts expect the society to be valued at about £10bn (\$15.6bn), against a value of about £3bn for the Woolwich and £2.5bn for the Alliance & Leicester. Qualifying members, including nearly all savers and borrowers, will receive free shares averaging up to £1,000 from each society. The Halifax, led by chief executive Mr Mike Blackburn, will lose its take-

takeover protection.

over protection because it has decided to change a technical aspect of its conversion.

a special new company. This means it no longer has to create a "priority liquidation dis-tribution right" - a facility which is relevant only if it goes into liquidation. But by abandoning PLDR it

It is floating by transferring

its business to an existing sub-

sidiary rather than setting up

automatically loses its right to

The PLDR would have tied up several billion pounds of the group's capital at the outset, although it would gradually be run off.

Mr Mike Ellis, Halifax's managing director of treasury and overseas operations, said: "We are going to be one of the top 25 listed companies and we don't believe the takeover restriction is either necessary or appropriate".

The Woolwich and the Alliance & Leicester plan to keep takeover protection for five years and are setting up companies which will include the Stewart, Woolwich chief executive, said: "Five years protection, whilst not vital, is neceswhilst we become SALY established as a PLC." The five-year rule has

obligation for PLDR. Mr John

proved controversial because while it protects converting building societies, it does nothing to stop them making hostile hids for other companies. Mr Rob Thomas, analyst at UBS, said: "The Halifax is

going to have a lot more capital than it needs and this could be used for quite a big acquisition." The Halifax insisted it had no specific acquisition target in mind. The Halifax said that to

qualify for shares, members needed to have at least £100 in their accounts on December 31 1996. Exact allocations will depend on the lower of balances held on the November 25 1994 and the date of a special members meeting in late Feb-

It added that demand was

Airlines lift fares after jump in jet fuel prices low-sulphur diesel fuel. Oil

By Deborah Hargreaves in London

Airlines are being forced to

raise fares or, for the first time since the Gulf war, add fuel Separately, Spain's Banco surcharges after a rise in jet of Banco Mexicano, the fifth fuel prices to a five-year high. KLM, the Dutch airline said this week it would levy fuel surcharges of between Fl 9 and F123 to all tickets bought in purchase as potentially the the Netherlands from November I. The US's Northwest Airlines, which bas an alliance with KLM, said it would put

> Trans World Airlines, the US carrier, which yesterday

tion elsewhere.

the surcharge on transatiantic

routes and monitor the situa-

reported a loss of \$14.3m for the third quarter, said its fuel hill had risen by \$40.3m over the same period last year.

British Airways last week raised fares 2.5 per cent rise on European routes because of higher fuel prices and said it would consider raising longhaul prices. KLM said: "We've seen our

fuel costs rise by 40 per cent since last September and we haven't had a fuel surcharge since the Gulf war." Jet fuel prices have surged

this year on the back of a stronger oil market and low stocks. Although the market has slipped slightly in recent days, prices of \$254 a tonne are still 45 per cent higher than in October last year. This is a market that nor-

mally trades between \$165 to \$185 a tonne and reaches its peak in the winter, but the weather isn't even cold yet and prices are \$70 a tonne higher than usual," said Mr Lindsay Horn, executive director of energy derivatives at Lehman Bros in London.

Analysts say the sustained rise took most airlines by surprise. The fuel bill usually accounted for 10-11 per cent of a carrier's costs. But many had failed to bedge against a rise.

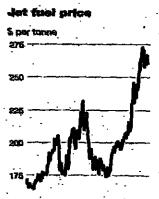
Prices have been pushed up partly by the European Union's move this month to

refineries can blend jet fuel with diesel to lower the suiphur content, which has put pressure on jet fuel supplies. Strong demand, particularly from Asia, has also pushed up nrices. The industry has also held off building up stocks in

expectation of lower prices,

Some analysts calculate that, for every 10 per cent increase in the fuel price, the industry must push up fares by 1-1.5 per cent, which means airlines could now be looking at charging 3-5 per cent more. US airline results, Page 21; Boeing result, Page 20; Commodities, Page 26

which failed to materialise.





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Chastened Philips searches for a clearer future

Improvements are promised at Dutch electronics group after collapse in third-quarter results

wrote the French poet Paul Valery, 'is that the future is not what it used to be.' He could have been talking about today. Once we seemed to be evolving gently towards the future. Now as the pace of change accelerates exponentially, the future seems to be racing towards us. Time itself is becoming compressed."

brochure extolling the part in the US and western its products could play in Europe; and a cash consumglobal upliftment. It formed part of the first worldwide tors such as mobile phones promotional drive by the Dutch electronics group, under the slogan "Let's make things better".

Philips was riding high. It had just produced a record

FI 2.52bn (\$1.5bn) on sales of

Yesterday, however, it was a chastened company. And the booklet's pronouncement could equally have described its own changed corporate reality, as well as the difficulty Philips is having in establishing the strength of vision to see past it.

Price erosion across virtuo spoke Philips early ally all its divisions, from this year in "From semiconductors to television vision to reality," a sets; dull consumer markets ing expansion into new secall had contributed to a collapse in third-quarter net earnings to just Fl 123m, half the level that the gloomiest analysts had forecast.

set of earnings for 1995, its Eindhoven headquarters

when net profits reached Mr Dudley Eustace, finance director, had just finished enumerating the problems when Mr Cor Boonstra, Philips president since the beginning of the month, dropped in unexpectedly to convey

> his message in person. He conceded he could not yet offer any grand new stra- ating income, and a 24 per tegic direction to the financial markets, which have gain seen in other leading gets done. Dutch stocks this year. "We need the budgetary procedures in place . . . before taking major corporate actions," Mr Boonstra said.

But, he added, "my job is to lead the management in unlocking the value of the company". This could involve the flotation of a ers which did not perform tional cash generator, as ripe main corporate centre.

Mr Boonstra set tough targets to evaluate perforamounted to a requirement that the group produce a positive cash flow of Fl 1bn

or more a year, sustainable

double-digit growth in oper-

cent return on net assets. "I don't like talking tough accorded Philips none of the but I do like clarity," he nearly 50 per cent average said. "What gets measured.

s far as management was concerned, "our overall goal is to get more done with fewer people. We are talking about overheads. There is enough uncertainty on the shop floor". At the same time, the new chief earmarked the At a press conference at profitable business unit. Oth- lighting division, a tradi- a streamlining of Philips'

have happened last year except that, with strong outside the Netherlands are mance. Overall, these demand for its products, there was neither the time nor the capacity.

Even there, Philips has since suffered from price cutting by rivals which can operate from a lower cost base. Lighting sales in the first nine months of this year were up 2 per cent at Fl 47.8bn, but divisional operating profits fell 45 per

cent to Fl 1,52bn. The FI 1bn charge includes a share of a \$90m provision which PolyGram, the group's 75 per cent owned music and film subsidiary, this week said it would make at its record labels.

Also taken into account is

for a restructure. This would where more than 600 people work National head offices also expected to be overhanled.

At the same time, marketing will be strengthened to extend a Philips brand which Mr Boonstra depicted as "clearly under-utilised but having enormous value".

To this end, one new job has been created in Eindhoven this month: that of senior marketing director. It went to Mr Gérard Dufour, the French advertising agency executive who coined "Let's make things better". As the services of the poet Valéry have not been available for 50 years, he will report directly to the president with the task of marketing muse.

Gordon Cramb

over 'miracle margarine'

By Hugh Carnegy

Shares in Raisio see-sawed yesterday as investors differed over the Finnish group's plans to exploit its "miracle" margarine Benecol, which cuts cholesterol

Raisio, whose shares have rocketed since it revealed its Kymmene. Europe's biggest invention late last year, announced significant progress towards solving a shortage of raw material that has so far held back output of a product that could become a worldwide health fad. It said it would begin exporting Benecol to neighbouring Sweden in the first half of

next year. Benecol bears, who query forecasts of rapid international success for the margarine, were unimpressed. In initial trading, they drove down Raisio shares sharply. At one stage, the shares had dropped FM13.40 to FM289.

But Benecol bulls, who sell via co-operation agreefuelled an explosion in Raisio shares from FM62 at the turn of the year to a high to FM339.90 in September, emerged from simultaneous briefings in Helsinki and London convinced their opti-

Within hours, the shares were sharply up again to reach FM308. However, a more cautious note set in towards the end of trading and Raisio shares ended the day at a more cautious

FM306.50 - up a net FM4.10. The factor main restraining the development of Benecol has been a shortage of the key raw material plant sterols, which inhibit cholesterol absorption. Raisio has patented a proces which converts sterols to tasteless stanol esters. These are soluble in fatty foods.

Although plant sterols are readily produced in mass vegetable processing such as making wood pulp, few manufacturers collect them.

Raisio said yesterday it was negotiating with UPMpulp and paper company, to increase supply. It was also from vegetable oil processors, and said it would build a second plant to bring total stanol ester capacity up to 2,000 tonnes a year by January 1998. Mr Karl Jokinen, chief

executive of Raisio's margarine division, said that corresponded to anticipated demand for a total market of 60m people.

The first exports of Benecol would be to Sweden, starting next year. In other markets. Raisio intended to ments - and was likely to vary which product stanol esters were introduced into in different markets according to local tastes.

Mr Michael Finney, analyst at Kleinwort Benson in col bull, said Raisio's plans justified earlier predictions. He has been among those forecasting profits of more than FMIbn by 2000.

But Mr Ben Warn, analyst at Enskilda Securities and a long-time Benecol bear, said Raisio had given little new information. "There is no denying it is a good product, but estimating the value of what they can do in this decade is very blurred."

Market divided |Stora tumbles 69% at nine months

packaging group, yesterday posted profits after financial items down 69 per cent from SKr6.2bn to SKr1.9bn (\$288m) for the first nine months, reports AFX News from Stockholm.

Operating profits fell from SKr6.9bn to SKr2.3bn on sales down from \$Kr43.2bn fell, from SKr4.1bn to SKr1.26bn, and earnings per share dropped from SKr12.80 to SKr3.95. The results were in line with expectations and the shares closed up SKr0.50 at SKr86.

> Stora said nine-month volumes of paper, pulp and board were down 8 per cent from the prior year. The fall in sales was due to a downturn in delivery volumes and lower prices of almost all products, Stora said. The stronger krona affected sales negatively by SKr2.5bn, and the disposal of Stora Building products and Newton Falls had a negative effect of

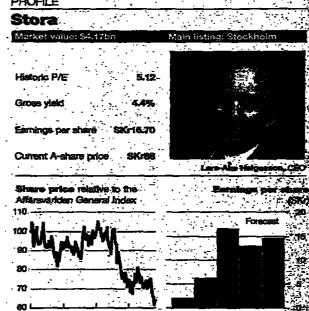
Stora's operating profit

Stora, the Swedish paper and was hit by lower prices and deliveries by SKr3.3bn, while the stronger krona's negative effect was SKr625m, it said. Weak economic development in Europe has had a negative impact on paper and board markets, Stora said. It said customer destocking and cost savings measures during the first to SKr34.2bn. Net profits also half also weakened overall performance.

Demand in the US has been somewhat better due to the stronger economic situation, although deliveries there were also lower than in the same period in 1995.

In the third quarter, the pulp market was calm. Stora said, partly because of seasonal factors and partly as a result of lower shipments to south-east Asia following the high levels recorded during the early summer. Demand for fine paper remained stable. The order situation has

packaging area, particularly for liner and fluting. Order



coated magazine paper strengthened, it said. Translated into Swedish kronor,

pulp, paper and board products were 16 per cent lower in the nine months com-

Creditanstalt bid conditions revised

By William Hall

The Austrian government has dropped its condition that bidders for its controlbank, must agree to buy all 19.9m shares, currently worth around Schl4bn (\$1.3bn).

It has indicated that while it would prefer to sell its entire stake in one oneration, it will consider bids for only part.

The government's willingness to adopt a more flexible attitude towards bids for its 70 per cent effective voting stake in Creditanstalt is stake.

intended to end more than five years of uncertainty his intention to sell its entire before the end of the year. over the ownership of stake. However, if that was Austria's most famous bank. not possible he would con-

improved in the board and

Mr Viktor Klima, finance minister, is committed to solving the problem before the end of the year. He has told the Financial Times he intends to be "more flexible" than previously in interpret-

ing the question of Austria's national interest. Under the previous sales procedure, he was committed to considering only bids for the government's entire

This week, it invited inter- sider other alternatives. He ested parties to submit bids also indicated he would be for its shares before Novem- more flexible in interpreting cent had to be kept by Aus-

> trian shareholders. He said he would assess any hids for the government stake against three objectives. He wants to use the sale to add to an improvement in Austria's banking structure, as well as "keeping an eye on the national interest". He also wants to raise as much cash as possi-

ble for the budget. Mr Klima expected to take mance by the parent bank.

Mr Klima said it remained a decision on the ownership After that, he would turn his attention to plans to sell the per cent in Bank Austria, the country's biggest bank. reported a 10 per cent rise in the group's nine-month operating earnings to Sch4.6bn. It said it expected its full year net profits to rise by about one-fifth and its return

on equity to top 10 per cent. However, analysts believe the improvement in earnings is being driven by the group's non-banking busies, which are cushioning a continuing weak perfor-

EUROPEAN NEWS DIGEST

MAN trucks unit warns of decline

MAN Nutziahrzeuge, the German commercial vehicle maker, lifted net earnings 7 per cent from DM157m to DM168m (\$110m) in the year to end-June, but yesterday warned it expected a sharp decline in profits for the current year. The company, a subsidiary of MAN, the German engineering group, said falling demand for trucks in west Europe, high wage increases and the strong mark would take their toll on earnings. "We expect a satisfactory result but it will be considerably lower than last year." said Mr Rudolf Rupprecht, chairman. MAN shares dropped 4 per cent to DM384.40.

MAN Nutzfahrzeuge is the corner stone of MAN so it is had news for the group as a whole," said Mr Michael Hagmann, analyst at UBS in London. "I had expected them [MAN Nutzfahrzeuge] to start feeling the impact of the recession in the west European truck market, but I thought they would make a more moderate warning for the current year." MAN Nutzfahrzeuge accounts for about

40 per cent of MAN revenues. The truck maker, the second largest in Germany after Mercedes-Benz, suffered a decline in profitability in the early 1990s. However, it appeared to be on the road to recovery over the past two years, returning to the black in 1994-95 from a pre-tax loss of DM80m in 1993-94. Mr Rupprecht said the group had reduced capacity towards the end of the last financial year and was continuing with cost-cutting measures. However, he added that while demand was expected to pick up in Germany in the next few months, orders were declining

in the group's other core west European markets. Last year, group production rose 13.6 per cent to 43,263 units and turnover climbed 10.3 per cent to a record DM7.98bn. However, weak domestic demand for trucks led to a fall in new orders from DM7.78bn to DM7.54bn. New registrations of trucks above six tonnes, the group's speciality, rose from 30,800 to 33,600 in west Europe, Market share in Germany dropped from 25.8 per Sarah Althaus, Munich cent to 25.2 per cent.

Club Med plans re-launch

Chib Méditerranée, the French-based leisure group whose shares dropped sharply after a profits warning on ... Tuesday, said yesterday it planned to launch a new commercial policy designed to win back sales. It promised a "more targeted" strategy with greater variety in pricing structures for different types of clients, and renewed efforts to increase sales through reducing bulk buying of

The details came after the group said its second-half operating results for 1995-96 would be at the same levels as the same time last year, or lower than analysts had expected. It stressed that the comments made by Mr Serge Trigano, chairman, several weeks ago were correct, and that it had experienced an increase of 5.5 per cent in the number of holiday packages sold this summer. However, it added that sales were concentrated in its lower cost packages, which generated lower profits.

Esselte up despite sales fall

Esselte, the Swedish office equipment, posted nine-month pre-tax profits up 14.6 per cent from SKr376m to SKr431m (\$65.52m) on sales down from SKr9.08bn to SKr8.45bn. Net profits were SKr272m against SKr229m, and earnings per share increased from SKr6.70 to SKr7.90. The company confirmed its earlier forecast that its pre-tax profit in 1996 would be higher than last year, although the rate of growth will not be as high as. The shares closed up SK12:

Esselte said an 8 per cent strengthening in the krone in the first nine months reduced sales by around SK1775m. Calculated in exchange rates prevailing last autumn, - :

Esselte's pre-tax profit would have been SKx35m higher. Mr Bo Lundquist, chief executive, said positive effects on profits from its recent acquisitions were expected to develop well in North America and southern Europe, as well as in the UK and the Nordic region, excluding Sweden, while the Asia-Pacific division is still building up its operations and had a negative effect on profits. AFX News, Stockholm

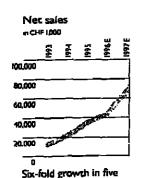
Statoil slips 13%.

Statoil, the Norwegian oil group, posted nine-month net profits down 13 per cent from NKr4.5bn to NKr3.9bn, it expected low oil stocks, good demand and high oil prices in the fourth quarter maintaining operating profit levels for the rest of the year. AFX News Oslo

In mid-November the registered shares of SEZ Holding AG, Zurich, will be floated under the lead of Bank J. Vontobel & Co AG and listed on the Swiss Exchange.

A leader in the semiconductor industry

SEZ develops, produces, distributes and services process equipment for the international semiconductor industry. Its Spin Etch Technology, a completely innovative rotary wet etching process, boosts productivity and helps semiconductor manufacturers to cut their costs. SFZ's client base already includes six of the world's top ten and all of Europe's leading microchip producers.



1986: founded by Egon Put2i and Franz Sumnitsch, the current CEOs, to develop an innovative wet etching process for the semiconductor industry.

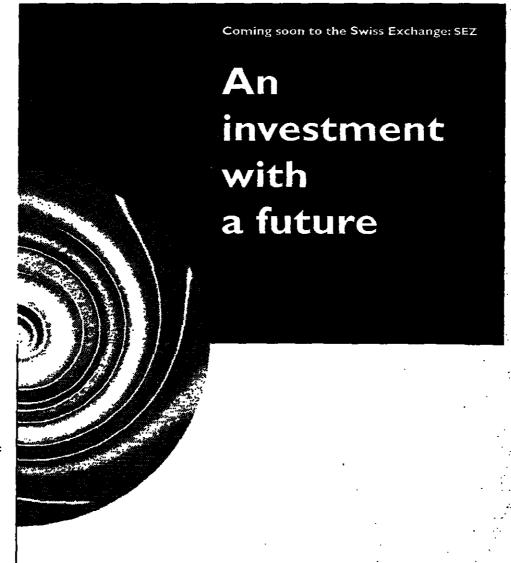
1996: Operational headquarters in Villach (Austria), with subsidiaries in the UK and USA, a joint venture in Japan and strategic alliances in Taiwan, Korea and Singapore. Sales: CHF 43.1 million: net income: CHF 6.8 million; equity ratio after IPO: over 80%.

1997: Quantum leap in growth; sales up 60%, net income up 95%. To obtain full information, order the SEZ company portrait from:

Austria Phone +43 4242 204, or Bank J. Vontobel & Co AG, Karin Otti, Bahnhofstrasse 3. 8022 Zurich, Switzerland Phone +41 I 283 7I 60

SEZ AG, Monika Kraker. Draubodenweg 29, 9500 Villach.





U.S. \$400,000,000 A National Westminster Bank Floating Rate Capital Notes 2005

accordance with the provisions of the Notes, notice is hereby given that for the six months interest Period from October 25, 1996 to April 25, 1997 the Notes will carry an interest Rate of 5.6875% per annum. The interest payable on the relevant interest payment date, April 25, 1997 against Coupon No. 24 will be U.S. \$287.53.

By: The Chase Manhattan Bank London, Agent Bank October 25, 1996

> THE REPUBLIC OF ARGENTINA **NEW MONEY BOND DUE 1999**

Notice is hereby given that for the interest period beginning on October 25th 1996 and ending on April 25th 1997, the Bond will carry an interest rate of

co Central de la Republica Ars Republic of Argentina Financial Agent.

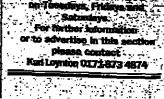


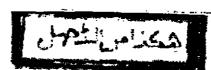
For the states months 25th October to 27th January, 1997 the Notes will carry an Interest Rate of 5.8125 per cent U.S. \$251.77 per U.S. \$30,000, Ins HSBC London Limited

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COMPANIES AND FINANCE: EUROPE

mental changes ahead. But

after [Deutsche] completes

the investment drive at Mor-

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dation of the domestic

branch network, we may see

better cost performance and

higher profits. At this point

in time, I would give them

The bank's mainstream

credit business ended

the period in line with tar-

gets. Interest margins remained near the low levels

The bank's branch net-

work continued to decline in

ber, the bank operated 60

fewer branches than a year

earlier. Most of the reduc-

There was a small reduc-

tion in the bank's German-

based staff, but this was

more than offset by an

increase in staff employed

tions were in Germany.

abroad.

size. At the end of Septem-

after risk provisions.

the benefit of the doubt."

Deutsche Bank ahead on back of strong markets

By Wolfgang Münchau In Frankfurt

Deutsche Bank reported a operating profits to DMS.49bn (\$2.27bn) for the first nine months of the year, against DM2.78bn in the year-ago period, a result that reflects the buoyancy of the markets this year.

The figures were in line with expectations, and the shares closed down 12 pfennigs at DM71.45.

Germany's largest bank benefited strongly from increases in earnings both from in-house trading and brokerage income.

Commission surplus went up 25.9 per cent, or DM1bn, to DM4.92bn, while trading profits increased 46.6 per cent to DM2.05bn.

Mr Hilmar Kopper, chairman, said: "We expect this positive results trend to continue in the last quarter this

He also underlined the need for continued change at the bank because of intensifying international competi-

Overall costs went up 9.9 "We are not expecting fundaper cent to DM10.9bn, more than analysts had predicted. The unexpectedly strong rise 25.8 per cent increase in came in part from the weakening of the D-Mark relative to last year.

Stripping out the effect of first-time consolidations and changes in the exchange rate, the rise in costs was 4.7 per cent, more in line with expectations.

Deutsche Bank is also likely to have made provisions for some of the £180m (\$281m) with which it bailed out several investment funds at Morgan Grenfell Asset Management, its troubled UK fund management arm.

The item "other expenditures" in the nine-months earnings report showed a 37 per cent increase to DM1.07bn. As a result of higher costs and higher taxes, net profits

increased at a slower rate than operating profits. These rose only 9.1 per cent from DM1.4bn to DM1.53bn. Pretax profits were up 27.1 per cent at DM3.05bn.

Mr Stephen Lewis, banking analyst at UBS, said: **EUROPEAN NEWS DIGEST**

Arthuis calls for CIC confidentiality

Mr Jean Arthuis, the French economics and finance minister, said yesterday he had held a meeting with the top executives involved in the partial privatisation of the CIC banking group to "remind" them of the need for confidentiality and ethical behaviour during the sell-off process. His comments were addressed to Mr Jean-Jacques Bonnaud, the head of the state-owned GAN insurance group, and the senior executives of CIC, the bank which it controls, including Mr Bernard Yoncourt, its chairman, who last week expressed concern about the future survival of the bank under either of its potential

Mr Youcourt earned the reproach of Mr Arthuis for expressing concern about what the plans of the two candidates. Société Générale and Banque Nationale de Paris, for ClC. Both have offered about FFr6bn (\$1.16bn) for a two-thirds stake in the bank. Mr Arthuis stressed that the government would demand that any purchaser to respect commitments, including the need to respect the local character and regional identity of the 11 banks in

the CIC group. However, there are growing questions about whether the privatisation will continue, given growing political opposition, the small number of candidates who have bid

Andrew Jack, Paris

Endesa advances 11%

Endesa, the dominant Spanish electricity generator which is slated for further privatisation, reported an 11.8 per cent increase in net profits for the first nine months to Pta120.86bn (\$941.5m), although sales stagnated at

The company, currently two-thirds state owned, said results were helped by the sharply higher availability of cheap hydro-electric power, reduced debt and lower interest rates. Operating costs were 4 per cent lower than in the same period last year. Interest-bearing debt on September 30 was down from Pta626bn to Pta534bn.

Endesa said operating revenues were affected by a 5.6 fall in prices to final customers, resulting from a change in the system of levies for subsidising Spanish coalmines. The Madrid government recently authorised the

company to increase its holdings in two regional utilities. Sevillana and Fecsa, to 75 per cent in a Pta200bn investment. Endesa is at the same time set to shed its 7.5 per cent in Unión Fenosa, but has baulked at government suggestions it should sell its controlling stakes in two northern companies, Electra de Viesgo and Saltos del Nansa. Privatisation of Endesa is planned in stages over David White, Madrid the next three years.

'Excellent' year at Munich Re

said earnings per share in the year to June totalled DM140, more than double those of a year earlier. In a statement released after a supervisory board meeting. year to June, driven by an improvement in its underwriting business. The shares closed up DM30 at

(\$213.3m), while the underwriting profit was DM18m. It said fluctuating claims reserves stood at DM952m compared with DM788m a year earlier, while reserves for pending insurance claims totalled DM500m, up from DM250m. The company would allocate DM100m to normal reserves, up from DM60m a year earlier

the year to June, up from DM13.50, out of a net distributable profit of DM132.5m, up from DM102.4m a year earlier. It would ask shareholders to approve a 10-for-1 share split for both its bearer and registered AFX News, Munich

Amper climbs 48%

Amper, the Spanish electronics group, said group net profit climbed 48 per cent from Pta2.03bn to Pta3.04bn said its technical services activity continued to expand. with sales climbing 104.8 per cent to Pta7.97bn. The group's shares closed unchanged at Pta1,940.

had lifted earnings in the nine months, with exports rising 46 per cent to Pta9.55bn. It said foreign sales represented 32.4 per cent of the group's total sales at Sept 30, compared with 24.8 per cent a year earlier. Amper said its cash flow rose 17.8 per cent in the nine months to

Paris listing for Guyanor

French Guiana, the French department sandwiched between Brazil and Surinam in South America and notorious for its appalling history as a penal colony, now seems likely to emulate another former penal colony -Australia - and become a substantial producer of mineral wealth. That is the message being taken to European investors this week by Guyanor Ressources, an

at about C\$525m (US\$390m). It will issue between 1m and 1.5m new shares in Paris to raise C\$14m to C\$21m for further exploration. This will reduce the holding of its parent, Golden Star Resources, from 70.7 to 67.9 per cent.

French Guiana and already has some substantial partners that are providing nearly all the cash for development. Asarco and Cambior are involved in the gold projects and Broken Hill Proprietary is financing the diamond Kenneth Gooding, Mining Correspondent

Comments and press releases about international companies coverage can be sent by e-mail to international companies@ft.com.

of the first half of the Interest income before risk provisions rose slightly, but was down by 0.9 per cent

and the size of their offers, which would force GAN to record a substantial capital loss in its books.

Pta650.92bn. The shares closed up Pta10 at Pta8,060.

Munich Re, the German reinsurance company, yesterday Munich Re said it achieved "excellent" earnings in the

In the year to June 1995, net profit was DM325m

Munich Re said it would propose a DM16 dividend for

(\$23.6m) in the nine months to September 30. Group sales rose 11.4 per cent from Pta26.46bn to Pta29.48bn. Amper

Amper said its efforts to internationalise its activities AFX News, Madrid

exploration company which later this month will become the first French Guianese company to be quoted in Paris when it joins the nouveau marché.

Mr David Fennel, president, said yesterday: "We believe that by having Guyanor Ressources seen as a French company trading in France we will attract a healthy premium for our shares." Mr Charles Remot, analyst at Paribas Capital Markets, agrees. "The French location of its properties should make it doubly attractive to European funds that want to increase their gold exposure." he suggested.

At present Guyanor is valued on the Toronto exchange Guyanor has a diamond and four gold projects in

APPOINTMENTS ADVERTISING

By David White in Madrid

Banco Central Hispano,

lately the least profitable of

Spain's big banks, yesterday

reported a 20.1 per cent

improvement in attributable

group net earnings for the

first nine months of the

year, to Pta27.31bn (\$212.7m).

However, the results were

boosted by a big reduction in

loan provisions. The shares

rose Pta35 to close at

BCH said the result, which compared with a 13.3 per

cent rise for the first half,

confirmed expectations of a

tripling in attributable profit

for the whole year. This follows completion of a

financial restructuring which left 1995 consolidated

earnings 62 per cent down

on the previous year, at

Ptal2.47bn. Mr Emilio Novela, a gen-

eral manager, said the bank

lifted its market share with a

12.8 per cent increase in cus-

ery Wednesday & Thursday and in the International edition every Friday. For further information please contact

> Toby Finden-Crofts +44 0171 873 3456

BUILDING SOCIETY (A) RE 11 38% PERMANENT INTEREST BEARING SHARES

(B) SG | | 34% PERMANENT INTEREST

BEARING SHARES

NOTICE a hereby given that the Register of mumbers of the Society helding (A) (RET) 3472 nganoen or we society naming (A) Inc. (1 30%)
Pennament Inserest Bentrig Shares or (B) STCI
11 34% Pennament Inserest Bearing Shares will
be closed as 29 October 1996, for one day only, for the purpose of property the interest Pays on 11 November 1995. BY ORDER OF THE BOARD

Hilmar Kopper: underlined the need for continued change at the bank to meet competition

Cut in loan provisions buoys

tomer funds compared with

the same stage last year, and

18 per cent growth in

lending - reflecting, in par-

ticular, improved mortgage

business. Total assets were

up 14.4 per cent at

group earnings for the nine months climbed 43.4 per cent

to Pta40.66bn. Exceptional

losses of Pta3.26bn.

compared with exceptional

gains of Pta20.90bn in the same 1995 period, were

offset by a 42.4 per cent

reduction in net loan provi-

sions, from Pta55.26bn to

performing loans fell about

one-third to 4.1 per cent, and Mr Novela said the figure

would be at 4 per cent or

below at the end of the year.

and between 3.7 and 3.8 per

from investment fund and

pension plan husiness, rose

FIRST NATIONAL

17.5 per cent to Pta73.8bn.

Fee income, especially

cent for the parent bank.

The ratio of

Before tax and minorities.

Banco Central Hispano

Pta11,472bn.

Pta31.85bn.

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An increase of 8.9 per cent

in the group's personnel and

general costs was attributed

wholly to the expansion of

operations, compounded by

exchange rate fluctuations.

At the Spanish bank, costs

were reduced by 10 per cent,

while personnel expenses

Mr Novela confirmed that

BCH's planned to raise its

stake in the power sector by

buying a further 2.5 per cent

in the electrical utility

Unión Fenosa, increasing its

holding to 10 per cent. The

additional shares are part of

a 7.5 per cent holding in

Union Fenosa which the state-controlled Endesa

group plans to sell as part of

a reorganisation in the

industrial co-operation

agreement, BCH is also

building up its stake in

Endesa, from 2.1 per cent

now to 3 per cent by year-

To back up a wide-ranging

its

held level.

industry.

Latin American

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For details of Cayine; interpational services to continues to united by 11 873 4378

September 1996

This announcement appears as a matter of record only.



DEM 1,000,000,000 Multi-Currency Revolving Credit Facility

SOLVAY S.A.

Arrangers

Generale Bank

Belgian Branch

Crédit Suisse

Lead Managers

Deutsche Bank AG, Brussels Branch

Generale Bank

ASLK-Bank N.V. / CGER Banque S.A. Banque Générale du Luxembourg S.A.

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Brussels Branch

Crédit Communal de Balgique S.A. / Gemeentekrediet van Belgie N.V.

Dresdner Bank Luxembourg S.A.

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Landesbank Hessen-Thüringen Girozentrak

Paribas Belgium

Société Générale, Brussels Branch

Agent Generale Bank

Deutsche Morgan Grenfell



OHNNIES INDUSTRIAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa) Reg. No. 01/00429/06 ("lohnnic" or "the Company")

RESULTS OF THE CAPITALISATION SHARE AWARD AND RIGHT OF ELECTION TO RECEIVE INSTEAD A FINAL CASH DIVIDEND OF 72 CENTS PER SHARE AND RIGHT OF ELECTION TO SUBSCRIBE FOR NEW SHARES

The right of election to receive a final cash dividend of 72 cents per share instead of the award of capitalisation shares ("the capitalisation award") and the right of election by those shareholders electing the cash dividend to apply the dividend in subscribing for new Johnnic shares ("the subscription") made to ordinary shareholders registered at the close of business on Friday, 13 September 1996 ("the record date"), closed at 14:00 on Friday, 18 October 1996. The weighted average traded price of Johnnic shares on the Johannesburg Stock Exchange ("the JSE") for the three day period ended 17 October 1996 was R53-56. Accordingly, the award of capitalisation shares and the subscription for new shares was determined as a ratio of 1-418969 new shares for each 100 shares held on the record date.

Elections to receive a final cash dividend were made in respect of 85 237 008 shares. Accordingly, final cash dividend No. 141 of 72 cents per share in respect of the year ended 30 June 1996 has been declared on those shares, amounting in total to R61 370 645-76. Elections to apply this dividend in subscribing for new shares in Johnnic were made in respect of 60 804 041 of these shares. An amount of R43 778 909-52 was therefore applied in terms of the subscription. Accordingly, I 808 792 new fully paid Johnnic ordinary shares of 10 cents each have been alloted in terms of the capitalisation award and the subscription. Following the issue of the subscription and capitalisation shares the issued share capital of Johnnic will consist of 153 764 806 ordinary shares of 10 cents each. Shareholders holding 83-92 per cent of the share capital have been alloted new shares in terms of the subscription and the capitalisation award and shareholders holding 16-08 per cent have elected to receive the final cash dividend.

The listing of the 1 808 792 new ordinary shares in Johnnic will commence on the JSE from the start of business on Friday, 25 October 1996.

ting of share certificates and dividend/fractional entitlement cheques Share certificates in respect of capitalisation and subscription shares and dividend/fractional entitlement cheques will be posted to shareholders on or about Friday, 25 October 1996.

Johannesburg 25 October 1996

WORLD TAX REPORT

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FINANCIAL TIMES Financial Publishine

FINANCIAL AND ECONOMIC SERVICES S.A. (formerly GREEK EXPORTS S.A.)

ANNOUNCEMENT OF A FIRST REPEAT PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE SALE OF THE ASSETS OF THE "COMMERCIAL AND INDUSTRIAL PLASTIC PRODUCTS S.A." with the trade name of "ASPA PLAST HELLAS" PRESENTLY UNDER SPECIAL LIQUIDATION

ETBA FINANCE Financial & Economic Services S.A., established in Athens at 1 Ecatosthenous & Vas. Constantinou Suceta, is in especial special liquidator of the above company, which is presently under special liquidation as per article 462 of Law 1892/1990, and in accordance with Decision No 450/1996 of the Piracto Court of Appeal and following instructions dated 15/10/96 from ETBA, the creditor as per para. I or article 46s of Law 1892/1990

a flist repeat international public auction for the highest bidder with scaled, binding offers for the sale of the total assets of the "COMMERCIAL AND INDUSTRIAL PLASTIC PRODUCTS S.A." with the trade name of "ASPA PLAST HELLAS"

ACTIVITY AND SUMMARY DESCRIPTION OF THE COMPANY

The company under special liquidation has a factory which produces PVC profiles and phastic frames. It is situation in the Lamia industrial zone on a plot 34,000 m2 in area. The factory building occupies a surface area of 7,784 m2 while the offices extend over 1,338 m2. The building housing the factory and offices has been built with prefabricated sections of reinforced concrete and has been filled with plastic frames and an industrial floor in the factory, while the office floors are of mathic or covered by filled carpets. The area surrounding the building is landscaped, with driveways, and is walled around. There is also a water-bank. A detailed description of the foregoing and the mechanical and other equipment is contained in the Officing Memorandum to which you are referred.

TERMS OF THE ANNOUNCEMENT

The present Auction shall be carried out in accordance with the provisions of article 46a of Law 1892/1990 as complet by article 14 of Law 2000/1991 as in force today, the terms contained in the present Amounteement and the terms contained in the present Amounteement and the terms contained in the present Amounteement submission of a binding offer implies acceptance of these terms.

Each interested party is invited to receive from the Liquidator the demiled Offering Measurandum and ask for any other information concerning the company under liquidation following a written promise of confidentiality.

Interested parties are invited to submit a scaled, written and banding offer to the Athens notary public ossigned to the auction, Mrs. Alexandra Mergianou-Nicolaidi at 69 Panepistimiou Street, 7th Floor, tel. (301) 322,2090 up to 12:00 mean on Thursday, 14 November 1996. Offers must be submitted in person or by a legally authorised representative. Offers submitted beyond the specified time limit will not be accepted or considered. Offers must not contain terms upon which their bindingers. may depend or which may be wagne with respect to the amount and manner of payment of the officerd price or to any other canendal matter concerning the sale.

On penalty of invalidity, offers must be accompanied by a letter of guarantee from a first class bank legally operating it Greece, valld until adjudication for low bidders and up to the signature of the sale contract for the highest bidder, to the amount Greece, valid mini adjudication for low bidders and of one hundred million (190,000,000) drackwas.

The offers will be unscaled by the above mentioned notary in her office at 14:00 hours on Thursday, 14 November 1996 and all persons having submitted offers within the specified time limit are entitled to attend.

Offices must clearly specify the officred amount and manner and time of payment (cash or on credit, interest to be charged or not, the interest rate, the number of instalments and when they fall due etc. If mention is not made: a) of the manner of payment of the each portion, by whether interest will be paid on the balance on credit, c) the interest rate, then it will be assumed that:
a) the price will be paid in each, b) interest will be charged on the balance on crodit, c) the interest rate will be that which is in force at the time the offer is submitted for Greek State bonds of one year's duration.

The submission of an offer of participation in the Auction binds the buyers to the commitment of keeping installations of the company in liquidation in operation for at least five (5) years.

On all the points commined in the offers and on any other terms that may be agreed upon (job positions, amount of investment length of time of operation, etc.) the buyer must accept clauses and other security, additionally covered by real collarers e with his commi

Executed guidelines for the evaluation of the offers are.

the size of the amount offered

- the number of job positions created
- the security provided for the settlement of any balance of the offered price on credit and for the execution of any

the creditworthiness and business reputation of the interested pare the business plan and in particular the size of future invest

10. In the event that payment is to be on credit, the current value will be taken into account and will be calculated at a fixed rate of interest for all offers, this being the rate in force at the time of submission of the offer, for interest-bearing Greek State bonds of

BANK (ETBA) S.A., following the proposal of the liquidator, as being in the best interest of the creditors of the coun

actual and legal condition and wherever they are on the date of signature of the sale contract. The liquidation, the company under liquidation and the creditor are not liable for any legal or actual faults, lack of any qualities or any incomplete or inaccurate description of the asset for sale in the Offering Memorandum. Interested parties must, on their own responsibility and due care, and by their own means and at their own expense, inspect and form their own opinion of the objects for sale. The submission of an offer implies that interested parties are fully aware of the actual and legal condution of the objects for sale.

In the event that the party to whom the asset for sale have been adjudicated fails in his obligation to appear and sign the relative contract at the time and place indicated in the relative divitation of the liquidator, in accordance with the terms arising from the present Autoencement and from his offer, then the amount of the guarantee stated above is forfeited to the Liquidator to cover expenses of all kinds, time spent and any real or paper loss suffered by hunself and by the creditor, with no obligation on their part to provide evidence of such loss or consider that the amount has been forfeited as a penalty clause, and collect it from the

The liquidator bears no responsibility or obligation towards participants in the auction, both with regard to the drafting of the evaluation report on the bids or to the liquidator's proposal regarding the highest bidder. Also he is not responsible and nor is he under any obligation to participants in the auction in the event of a cancellation or invalidation of the auction if its result is

15. Those participating in the suction and who have submitted offers do not acquire any entitlement, claim or demand, on the strength of the present amounteement or their participation in the assetion, against the figuridator or the creditors for any cause or

In accordance with para, 13 of article 46a of Law 1892/1990 the sale contract, the transcriptions and any other action involved in its execution, are exempted from State or third party taxes, dues or stamp duty while the rights and fees of notaries, lawyers, supervisors and registrars of mortgages are limited to 30% of the figure in question. Transfer expenses of the assets for sale (VAT, fees, rights and other expenses) shall be borne by the buyers. ment has been drafted in Greek and in English in translation. In any event, however, the Greek text will

For any further information and for the Confidential Offering Memorandum, interested parties may apply to the offices of the

ETBA FINANCE Financial and Economic Services S.A., 1 Eratosthenous Street, 4th Floor, Athens, Greece, Tel. (301) 726.0218, 726.0278 and 726.0506. Fax: (301) 726.0364.

PACIFIC DUNLOP LIMITED ACN 004 085 330 NOTICE TO CREDITORS

ors of Pacific Dunlop Limeted and its Subsidiaries including holders of: ed convertible bands due in 1997.

Euro Medium Term Notes issued by Pacific Dunlop Limited.

Debt securities including notes and bonds issued by each of Pacific Dunlop Limited and Pacific Dunlop USA Inc.

Commercial paper or promissory notes issued by each of Pacific Dunlop Limited, Pacific Dunlop USA Inc, Pacific Dunlop (Asia) Pty Ltd, Pacific Dunlop Finance (Asst.) Pty Ltd and Pacific Dunlop Holdings Inc. TAKE NOTICE THAT:

(1) at the Ammal General Meeting of Pacific Dunlop Limited to be held in the John Batman Theatre at the World Congress Centre, Car Flinders and Spencer Streets, Melbourne on 15 November 1996 at 2.15 pm, it is proposed to consider and if thought fit, pass the following special resolution in relation to Pacific Dunlop Limited share premium account:

"That with effect on and from the date of the passing of this resolution, 3440.268.000 be transferred from the Communication between account to its

\$340,208,000 be transferred from the Company's share pr (2) Under the Corporations Law the proposed transfer must be confirmed by the Supreme Court of Victoria.

Supreme Court of Victoria are 19
November 1996 and 22 November 1996. Creditors may object to the

EXPLANATORY STATEMENT

The Pacific Dualop Limited group's results for the year to 30 June 1996 were affected by losses and provisioning in the medical products subsidiaries.

These losses and provisions led to a decrease in the value of Pacific Dualop Limited's investment in, and losses to, several autholdiaries. The amount of the decrease was 5340,208,000.

ent has been charged in Pacific Dunlop Limited's profit and loss acc an enormal item. At 30 June 1996 and before accounting for the decrease life Dunlop Limited's retained profes stood at \$510,105,000. After accounting that decrease the behauce of Pacific Dunlop Limited's retained profits at the

sould that Pacific Dualop Limited's retained profits be replexished by ing from the share premium account an amount equal to the amount crosse, \$340,206,000. After the transfer the share premium account

Creditors should note that the proposal transfer does not involve a distribution as shareholders. The effect of the transfer will be that the retained profits are replenished so that the decrease in the value of Pacific Dunlop Limited's investment in, and losses to, certain subsklitaries does not diminish the Board's ability to declare future dividends.

ability to declare future dividends.

The Board considers that the implementation of the proposal will have no adverse impact on the creditors of Pacific Dunlop Limited or any subsidiary. However, a holder of 6.75% convertible bonds issued on 3 July 1987 who converts those bonds at the convention price of \$4.75 per ordinary share may be entitled, if a dividend has been paid prior to conversion from the amount transferred, to the payment the holder would have received had the bonds been convented prior to the date of the dividend. From that issue, bonds to the value of USS72,233,000 remained to be converted as at 30 June 1996. The last date for conversion is 10 June 1997.

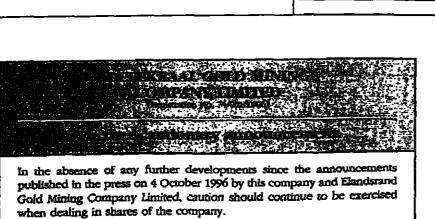
To assist thereholders and creditors to understand the accounting and other hapficultions of the transfer, the Board has commissioned RPMG to prepare a report on these matters. A copy of the report is available from the Secretary. Pacific Duntop Limited, Level 41, 101 Collins Street, Melbourne, Vic., 3000.

Johannesburg

Pool pirtue property of the pirtue property o

25 October 1996

Prices for electricity determined for the purposes of the electricity pooling and celtiment arrangements in England and White.



COMPANIES AND FINANCE: THE AMERICAS

Regulatory uncertainty threatens Baby Bell rally

By Richard Waters

After the beating the taken on the stock since the beginning year, the recent box the share prices of regional telephone nies will have come a thing of a relief.

But the likelihood longed regulatory tainty as the US moves to open up its local telephone markets to competition is likely to put a lid on further gains in the short term. US telecoms analysts say.

In the meantime, as recent third-quarter results suggest, the Bells seem set to record continued moderate growth in their core local telephone services ahead of deregulation, with the strongest growth in areas such as the south-east and the west.

This month's rebound in Baby Bell stocks owes much to the decision by a federal appeals court in Kansas to put a temporary stay on the process of deregulation set in train by the Federal Communications Commission in August. The ruling potentially protects the core cash flow of the Baby Bells for longer by slowing the onset of competition in local telephone markets.

By leaving more power with the states to lay down the terms on which competition takes place, rather than Federal regulators, the stay may also tilt the new com-petitive playing field more in the Bells' favour.

The Kansas ruling, says Ms Stephanie Comfort, telecoms analyst at Morgan Stanley, represents "a small victory" for the Baby Bells but it does not change the fact that long-distance carri- companies pay to Baby Bells fall at Nynex and a 20 per ers and cable TV companies to complete calls in their cent drop at Bell Atlantic.

By Daniel Dombey

The Olympic Games helped

sustain third-quarter televi-

sion sales at Grupo Televisa.

but high fixed costs pushed

the Mexican media group

into a net loss of 43.7m pesos

were 2.7bn pesos, up 10 per

cent in real terms from the

"Television sales were pos-

expected. But Mexico's con-

third quarter of 1995.

same period last year.

in Mexico City

Baby Bells - third quarter

		Re	VEITLES	Line		Fbs
ey have	• .	\$bn	growth	growth	*	GLOMI
market	*	•	(%)	(%)		(%
of this	BellSouth	4.8	9.0	1.49	0.63	** : 12.5
unce in	Ameritech	3.7	10.1	3.7	0.94	22
the US	SBC Comms	3.6	9.4	52°	G97	(F/2
compa- as some-	Bell Atlantic	. 3.3	5.2	3.7		(20.3
as some	Nymex	3.4	53	199	0.90	12.5
of pro-	US West	2.5	5.3	5.1	0.50	(1.6
uncer-	Pacific Telesis	24	6.3		0.67	ψ.
noves to	"North East only			-	Source	e Companie

will shortly be able to attack local areas. These fees, their local monopolies. Cur- which typically account for rent stock market valuations 20-25 per cent of a Bell's rev-"are still based on growth ennes, will be reduced drastithat isn't possible in a com- cally over time. petitive environment". Ms

Comfort adds Uncertainty over two reguis likely to hang over the Bells, extending the caution Wall Street has felt about their shares since the landmark Telecommunications Act was passed in February.

One concerns the pace and the terms of deregulation. With the FCC's rules on hold, some states - for instance, Texas - have leaned towards rules which tend to play more into the hands of the local telephone companies. Others, though, may have produced regulations which favour long-distance companies

even more than the FCC. Also, some Bells are likely to face competition earlier than others. Ameritech, based in Chicago, finds itself in the middle of the most competitive local market in the US, with a number of carriers having already laid their own networks.

The other main regulatory uncertainty concerns the reform of access charges the fees that long-distance

High costs push Televisa

tion made the other divi-

sions do worse," said Mr

Shayne McGuire, an analyst

at Deutsche Morgan Grenfell

(\$5.6m), compared with a 1.66bn pesos. helped by cent of total costs - and in profit of 831m pesos for the export sales, revenues from the past its operating margin

additional advertising dur-

division suffered a 5 per cent

while its cable service,

ing the Olympic Games.

Television sales, which

in Mexico City.

Total sales for the quarter the border with the US, and

itive and performed much as fall in sales to 466m pesos,

tinuing sluggish consump- which is waiting regulatory

into red in third quarter

The question, though, is how far and how fast they will come down. The FCC is latory actions in particular due shortly to lay out its proposals in this area, and to give some indication of the scale of the so-called Universal Access charges Which will be levied to subsidise residential service in unprof-

itable parts of the country. Meanwhile, the latest quarterly figures reflect mixed success among the Bells in increasing their number of access lines, on which their local service depends. At Ameritech and SBC Communications, for instance, the growth in new access lines slowed during the quarter, prompting some on Wall Street to caution that selling second lines to residential customers - one of the engines of growth until now - is becoming

more difficult BellSouth, based in Atlanta, remains many analysts' pick as having the best growth prospects. At \$39% yesterday morning, its shares are down 13 per cent from their high early in the year - against a 26 per cent

fonos de México, saw

sales fall by a third to

131 per cent to 272m pesos.

cent than the last quarter's

Televisa has to do much bet-

ter in future to cover its

high fixed cost structure,"

"Even though these

level of 10 per cent.

Operating profits rose by

91m pesos.

represent almost two-thirds However, the company has

of Televisa's total sales, large fixed costs - its labour

jumped 20 per cent to force represents about 50 per

newly acquired stations on has been closer to 25 per

However, the publishing results were positive overall,

AMERICAS NEWS DIGEST

Boeing ahead 13% in third quarter

Strong demand for new aircraft from a healthy airline industry propelled after-tax earnings at Boeing, the US aircraft maker, ahead by 18 per cent to \$254m during the third quarter of the year. Sales rose 28 per cent to \$5.6bn. The Seattle-based company attributed the lower profit margin during the quarter to a higher tax rate and higher

research and development spending. For the first nine months of the year as a whole, the effective income tax rate rose to 18 per cent, from 8.4 per cent a year before, it-

During the first nine months, Boeing reported its operating profit margin had slipped from 11.7 per cent to 10.6 per cent, as sales of commercial aircraft increased by 11 per cent to \$12bn. The decline was due to a growth in sales of the new 777, and reflects the normal lower profit margins seen on new models, the company said.

Mr Philip Condit, chief executive, called the pace of orders for new aircraft "encouraging", thanks to the growth in traffic and profitability in the airline industry. Boeing's earnings per share during the third quarter rose to 74 cents, from 66 cents a year before, in line with Richard Waters, New York market expectations.

Arco and Itochu in coal deal

Atlantic Richfield of the US and Itochu of Japan signed a purchase and sale agreement to acquire Coastal Corp's western US coal operations, which are held by Coastal States Energy Co, for \$615m. The operations, composed primarily of three underground coal mines in central Utah, will be held in a limited liability company owned by subsidiaries of Arco, holding a 65 per cent interest, and Itochu, holding 35 per cent. AFX News, Denver

Ouaker Oats balked by Snapple

Despite an expensive marketing campaign, declining sales of its Snapple drink continued to drag down Quaker Oats' performance in the third quarter. Excluding the gain on the sale of its frozen foods businesses and a restructuring charge, earnings per share rose to 53 cents, up from 45 cents for the comparable period last year, helped by lower interest charges and foreign tax benefits.

But third quarter sales of \$1.44bn were 8 per cent below last year's \$1.55bn, which included \$72m in sales from divested businesses. The shares slid 4 per cent, even though earnings exceeded analysts' estimates.

Strong operating income in US and Canadian foods was offset by higher spending on a sampling drive, as, the company struggled to reverse the decline of Snapple, which it bought for \$1.7hn in 1994. Despite this, the operating loss on Snapple widened, as sales fell 9 per cent

US and Canadian food sales were up 2 per cent on last year despite a 15 per cent decline in ready-to-eat cereal prices, but overall, foods operating income of \$89m was slightly down on last year. Tracy Corrigon, New York

Falling prices hit Dow Chemical

Falling chemical prices pulled Dow Chemical's third. quarter earnings per share down 11 per cent on the previous year, despite higher sales volume. Sales of \$50n. were up 2 per cent, reflecting a 9 per cent decline in prices and an 11 per cent increase in volume, compared with the third quarter of 1995. Earnings per share of \$1.92 were slightly higher than analysts estimates, which averaged. \$1.89. Dow's shares rose \$% to \$78%.

Despite a \$433m erosion in prices and a \$100m increase in energy and feedstock costs, operating income feil only :: \$200m, the company noted. Operating income inchemicals and metals fell from \$324m to \$203m, which the company blamed on higher energy costs and lower prices for caustic soda and vinyl chloride monomer. Speciality chemicals posted another good quarter, the company said. Tracy Corrigan

CORRECTION

AirTouch Communications

AirTouch Communications' third-quarter net profits were mis-stated in a headline in yesterday's edition. They were

Santander buy steps up Latin expansion

and Leslie Crawford in

When Banco Santander takes a 75 per cent stake in Grupo Financiero Inverméxico, Mexico's fourth-largest financial group, it will give foreigners control of more than 15 per cent of Mexico's banking assets, according to analysts. Yet only four years ago, foreigners were barred from taking part in the privatisation of the Mexican banking system.

The \$378m deal will see current shareholders inject \$47m of fresh capital into Inverméxico, which includes Banco Mexicano, a small bank with a large number of

poor corporate loans, and a tander will inject \$166m of brokerage house.

Yet Santander will inherit healthy Mexican bank: as the condition of the purchase, it demanded that

Banco Mexicano be purged of its portfolio of bad loans. Mr Eduardo Fernández. Mexico's chief bank supervisor, said the government had agreed to absorb \$2.37bn of Mexicano's bad loans, the biggest government bail-out of Mexico's banking crisis to date. The government will also take over about \$330m of Banco Mexicano's current capital to provision against the bad loans it is absorbing effectively wiping out the

present shareholders. San-

fresh capital into Banco Mexicano and issue \$212m of convertible debt to build up the capital base of Banco Mexicano from scratch. Ms Ana Patricia Botin of .

Santander Investments said the acquisition was part of Santander's expansion strategy in Latin America, where it has invested \$1.9bn to date. In terms of initial investment, however, Santander will be putting substantially less into the Mexi-can group than the \$495m it spent earlier this year on gaining control of Chile's Banco Osorno and merging it with its existing activities capital of Banco Mexicano's to form Banco Santander Chile - its biggest initiative

> **ANZ**Bank stralia and New Zeala Banking Group Limited
>
> ANC 205 157 522
>
> (Incorporated the bank lightly in the

U.S. \$300,000,000

Floating Rate Notes due 1996

Flooting Rate Notes days 1996 Notice is hearily given that for the losesse Perhol 29th October, 1996 in 24th January, 1997, the Notes will carry a Rate of hinteries of 5.53125 per cent. per augum. The Amanut of Interest per U.S. \$10,000 Note will be U.S. \$141.35 and per U.S. \$100,000 Note, will be U.S. \$1,413.54, payable on Meh. languary, 1997.

in the region to date. "Our board has authorised Santander to invest up to 20

per cent of Santander's own resources in Latin America," said Ms Botin, adding that Santander had not yet reached that figure and was looking for additional opportunities in the region. Banco Santander has also

bought bank networks in Peru - where it acquired Banco Interandino and Banco Mercantil last year and Puerto Rico. Excluding the Mexican acquisition, its activities in Latin America and the Caribbean employ more than 12,000 and involve investments with a book value of some \$1.56bn. Ms Botin said Santander nacional.

cano's focus to retail banking and the financing of small and medium-sized businesses - a much neglected group in Mexico. Banco Santander is the

would redirect Banco Mexi-

ा रहा 🕻

third Spanish bank to establish a footbold in Mexico. Banco Bilbao Vizcaya, after building up a minority holding in the troubled Mexican Probursa group, reached agreement last year on a plan to take majority control through a \$350m investment Banco Central Hispano and its Portuguese associate Banco Comercial Portugues share a 20 per cent stake in Grupo Bital, which controls the 700-branch Banco Inter-



U.S.\$30,000,000 Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest for the Interest Period October 25, 1996 to April 25, 1997 has been fixed at 9.690625% and that the interest payoble on the relevant Interest Payment Date April 25, 1997, against Caupon No. 5 will be U.S.\$489.91 in respect of U.S.\$10,000 nominal of the Notes.

October 25, 1996, London ly: Crisbank, N.A. (Corporate Agency & Trust) Agent Bank CITIBANG

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Leggi Internations SELES NV 115 5100,000,000 Guarant Floating Rate Notes 1998 ble at the holders option to 2001 The interest rate applicable to the above tes to respect of the interest period materials 25th October 1996 has been

fixed at 5.93% per amoun. The interest amounting to USS149.90 per USS5,000 incipal amount of the N US\$299.79 per U\$\$10,000 princip sound of the Notes will be paid on 256 April 1997 against pp Coupon Number 11. Bank Lenni (UK) Pic Principal Paying Agent

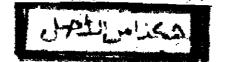
NOTICE OF EARLY REDEMPTION European Bank for Reconstruction and Development (the "lesser")

ITL 150,000,000,000 10.60 per cent. Notes due 28 November 1997 (the "Notes") (ISIN Code X8 0061675434)

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Air Lines, the third-biggest

home town of Atlanta and

the temporary grounding of

cent to \$236m.

US airlines fall short of expectations | Shares

By Richard Tomkins

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EWS DIGEST

Strong growth in passenger numbers and rapidly rising fares should have given US airlines another record quarter in the period to September: but as the last of the big carrier's results came in yesterday, the message was dis-appointingly mixed.

While many of the carriers managed to increase profits, the growth was not as big as had once been expected; and Continental Airlines, Trans World Airlines and Southwest Airlines saw their profits tumble.

The positive factors in the third quarter were similar to those in other recent quarters. US economic growth has produced rising demand for transport, enabling airlines to fill more seats and

In addition, a 10 per cent federal excise tax on airline tickets expired on January 1 after the White House and Congress failed to agree a budget, enabling airlines to maintain the same fares and enjoy a windfall by pocketing the tax.

However, a series of nega-

tive factors has recently set in. In the middle of the third quarter, the ticket tax was reinstated, so airlines had less of a bonanza than had once seemed possible. And six of the biggest airlines agreed to pay a total of \$87m to US travel agents to settle an antitrust suit brought over the airlines' imposition

of caps on commissions ear-

lier this year.

Meanwhile, the biggest negative of all came from soaring fuel prices. UAL, the parent company of United Airlines, said the average price of a gallon of fuel was 24 per cent higher in the latest quarter than a year earlier, driving its fuel bill up by \$103m to \$538m; and other airlines saw increases of a similar order.

In spite of these extra costs, UAL managed to register a big increase in profits. Net income surged 40 per cent to a record \$340m on the back of higher ticket prices and strong traffic, and refurbishing the interiors of its aircraft in the hope of

US airlines: third-quarter results

Airline	Revenue \$5n 1996	% change on 1995	Net profit \$m 1996	% change on 1995
DAL	4.5	v 49	340	+40
AMR ·	4.2	+2	282	+23
Delta	3.4		236	+32
Northwest Air	2.4	+8	248	+15
USAIT	2.1	+12	45	+110
Continental	1.7	+10	18	-84
JWA	1.0	+5.	(14)	. n/a
Southwest Air	0.9	+17	61	-10
Note: Sendon and said all	and the said of the			

by announcing that it was net profits by 23 per cent to going to tie its executives' compensation to on-time performance instead of its share

rice. US carrier, which benefited The company said the from traffic generated by the move was intended to improve customer service, but cypics said managers could make money simply by padding extra time into the flight schedules.

AMR, parent of American Airlines. warned last month it was facing higher costs because of fuel price the company announced a increases and protracted plan to spend \$386m on pay negotiations with its pilots' union.

However, its figures did attracting more customers. not disappoint: higher ticket still-unexplained crash of Jet fuel soars to highest UAL also raised eyebrows prices helped it to increase

plan that backfired when the company found itself with insufficient aircraft to fulfil the published schedule. Southwest Airlines, argu-

ably the most successful airline in the US, disappointed investors by reporting a 10 per cent fall in net profits to \$61m. Part of the reason was a \$25-a-ticket fare sale in July that immed the company's switchboards and prevented higher-paying customers from getting Another winner was Delta through.

The effects of that fare sale spread beyond Southw-est itself: they reached Consummer Olympics in its tinental Airlines, which saw net profits tumble from \$111m to \$18m after a \$77m Valudet Airlines, a low-cost carrier that made big after-tax charge for new aircraft.

inroads into Delta's terri-But USAir, Continental's tory. Net profits rose 32 per biggest rival on the east coast, increased net profits Among the losers, Trans by 110 per cent to \$45m even World Airlines suffered a after a \$41.1m pre-tax charge fall in operating profits from for a profit-sharing plan. \$46m to \$26m and net losses Strong traffic, particularly of \$14m, partly because of a on international routes, fall-off in bookings after the helped.

Flight 800 off Long Island on in five years, Page 31

in P&G July 17. But a bigger factor was probably an slide 4% as over-ambitious expansion sales slip By Richard Tomkins

Sbares in Procter & Gamble, the US consumer products group, tumbled \$3%, or 4 per cent. in early trading yesterday after the company reported that world-wide sales growth had gone into quarter to September.

The company had warned that the quarter would be a weak one, but investors were apparently unprepared for the I per cent fall in sales from \$9.03bn to \$8.9bn. caused partly by shifts in exchange rates.

Net profits rose 9 per cent to \$979m, as did earnings per share, which climbed to \$1.39, slightly above analysts's forecasts. On a fullydiluted basis, earnings per share were 10 per cent

abead at \$1.30. Procter & Gamble said world-wide volumes were up l ner cent, and sales would have risen at about the same pace were it not for the weakness of other currencies against the dollar – particularly the German mark

and the Japanese yen. "Although this progress is below recent levels, the company looks to achieve an improved rate of volume and sales growth over the balance of the fiscal year," Procter & Gamble

said. The company suffered tough competition in Japan and difficult economic conditions in Latin America, while in Europe and Asia, it felt the effects of its decision to cut promotional spending in favour of everyday low pricing.

Mr Gordon Pepper, chairman and chief executive, said the expansion of the company's efficient consumer response programme and its key element, value pricing, had created "some short-term business impacts."

Volumes rose 3 per cent in North America and 5 per cent in Europe, Middle East and Africa, but fell 9 per AMERICAS NEWS DIGEST

Tandem ahead of forecasts in term

Tandem Computers, the US manufacturer of fault-tolerand computers, announced higher than expected fourth-quarter earnings, with income from continuing operations at \$40m, or 34 cents a share, compared with \$23m, or 20 cents, in the same period last year. Revenues from continuing operations were \$543m, compared with Excluded were results for UB Networks, a Tandem

subsidiary, which the company previously announced it planned to divest. Over the past year the company has restructured its operations into business units and set a new product strategy that involves moving its proprietary software to the Microsoft Windows NT operating system. Annual revenues from continuing operations were \$1,90bn for fiscal 1996, against \$1.92bn in 1995. The company reported a loss for the year on continuing operations of \$5m, or 4 cents a share, including a second quarter pre-tax restructuring charge of \$52m. This compares with fiscal 1995 income of \$96m, or 82 cents a

Fourth-quarter sales were strong, particularly in Europe. This is in contrast with the results of many US computer companies that have reported weaker sales in Europe over the same period. Louise Kehoe, San Francisco

Goldman Sachs in \$60m buy

Goldman Sachs is paying about \$60m to acquire Liberty Investment Management, a Florida-based company with \$5.4bn in assets under management. The US investment bank's latest move to expand its fund management business follows the purchase of CIN Management in the UK in August.

After the Liberty transaction is completed, Goldman Sachs Asset Management will manage funds totalling about \$92bn globally. Liberty will initially keep its name, but its products will eventually be sold under the Goldman Sachs name, according to sources close to the Tracy Corrigan, New York transaction.

Imasco turns in 8% rise

Imasco, the financial services, tobacco and retailing group 42 per cent held by BAT Industries, of the UK, posted an 8 per cent gain in third-quarter profit to C\$166m (US\$124m), or 71 cents a share, from C\$154m, or 65 cents, a year earlier, on revenues of C\$2.4bn, against C\$2.2bn. Financial services gained 34 per cent at the operating level, retailing 31 per cent, and tohacco 8 per cent, while the US fast food unit broke even. Nine months overall earnings were up 10 per cent to C\$437m on revenues of C\$6.9bm, up 6 per cent. Robert Gibbens, Montreal

Falling copper price hits Asarco

Asarco, the US mining group, saw third-quarter earnings drop to \$6m, from \$58.3m a year earlier. It said the decline in the copper price over the past year is estimated to have reduced the company's net earnings by about \$67m in the quarter. Improvements in operations and price increases of other metals Asarco produces offset a portion of this

However, Mr Richard de J. Osborne, chairman, said: The fundamentals of the copper market are good and getting better. Production from new mines is being absorbed by rising consumption and inventories in commodity exchange warehouses are declining rapidly. Reuter, New York

Placer Dome shows 33% decline in third quarter

By Bernard Simon

Placer Dome, the Vancouverbased mining group, posted a 33 per cent drop in thirdquarter earnings, although the latest period marked a significant improvement from earlier this year.

"We had a terrible first half, but we've turned the corner," the company said yesterday. Net earnings fell to

US\$16m. or 7 cents a share, in the three months to Sept 30, from \$24m, or 10 cents, a year earlier. Sales rose from \$264m to \$283m.

Placer shares slipped 15 in early trading yesterday.

Earnings from gold operations, reflecting stron-operations dipped slightly ger local currencies against from \$77m to \$74m. But they were a marked improvement on the \$41m and \$47m in the first and second quarters, respectively.

Placer's share of gold output from mines in North and South America, Australia and Papua New Guinea fell from 535,000 ounces to 503,000 ounces.

Cash production costs averaged \$210 an ounce, up from \$201 a year earlier but below the \$246 in the first half of 1996.

put for 1996 at 1.95m ounces, production problems. with average production cents to C\$33.15 in Toronto costs of \$235, or about a quarter higher than 1995.

the US dollar, higher spending on repairs and maintenance, and consumable inventory costs.

Costs at the Granny Smith mine in Australia will be hit by mining a higher-cost ore-The new 50 per cent-owned

Zaldivar copper mine in Chile is due to reach full production of 125,000 tonnes in 1997. Placer's share of output in the first nine months of this year was 27.500 tonnes, or about 14 per cent below Placer estimates gold out- budget, because of various

Placer said it expected to complete feasibility studies at the Mulatos property in The earnings decline was The disappointing cost Mexico and the 53 per cent-partly due to lower molybde performance is centred on owned Mt Rawdon deposit in The disappointing cost Mexico and the 53 per centnum prices. Investment Placer's Australian and Australia by the end of the about 20 per cent of Sou- hundred US papers, includ- cent in Asia and 6 per cent

Hollinger plans to lift Southam stake

By Bernard Simon

Hollinger International, the publishing group controlled by Mr Conrad Black, plans to gain outright control of Southam, Canada's biggest newspaper chain, by raising its stake from 41 per cent to at least 50.1 per cent.

Hollinger yesterday outlined an offer to buy 7m Southam shares at C\$18.75 each. It will reserve the right to take up more shares if they are tendered. The offer is expected to be mailed on October 4.

The offer price is the same, adjusted for financing costs, as Hollinger paid earlier this year for the 21 per cent stake in Southam held by Power Corporation. Hollinger previously owned

trading at C\$18.50 in Toronto prior to yesterday's announcement. Southam publishes 20 dai-

lies, including the flagship papers in Calgary, Vancouver, Ottawa and the Montreal Gazette, Montreal's only English-language daily. Mr Black's steadily rising

stake has generated considerable controversy in some quarters, as it has coincided with Hollinger's acquisition of several dozen papers from other proprietors. Hollinger International, based in Chicago, is 57.5 per

cent owned by Hollinger Inc. Mr Black's main holding company. Hollinger also owns the UK Telegraph group, which has a 24 per cent stake in Australia's John Fairfax, and several

This announcement appears as a matter of record only.



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AAA/Aaa rating

NLG 5,000,000,000 Multicurrency Debt Issuance Programme

Standard & Poor's Moody's

AAA

Short Term debt rating

Aaa

ABN AMRO Hoare Govett has acted as rating advisor to Nederlandse Waterschapsbank N.V.

October, 1996

ABN-AMRO HOARE GOVETT

How to play Russian roulette

Robert Corzine and Jane Martinson on oil and gas investment

lephants and min-nows seem to be the d choice for investors who want to take part in any revival of Russia's energy

At the top end of the size spectrum is Gazprom, Russia's largest company and the world's biggest natural gas producer; at the other end there is no shortage of smaller western oil companies which concentrate on the Russian energy sector.

While their size varies widely, recent political events have underlined the attendant risks to all such investments.

So, how do investors interested in the sector decide on the relative merits of the companies involved?

Analysts point to several advantages in investing directly in the international offerings of Russian oil and gas companies. Gazprom's share offer of about 1 per cent to foreign investors was oversubscribed and valued

the group at about \$37bn They predict that Gazprom's international offering should trade easily over the counter and point to the rigid registration procedures to stop lower-priced domestic shares seeping into the higher-priced international

However, political volatility is not the only potential drawback to direct investments. Foreign investors, unable to build large stakes. will have little influence on

Russian management. And, although financial information standards in the top tier of Russian energy companies have improved markedly, analysts say there are still "huge information holes" that are unlikely to

be filled for years. This information gap pro-vides western-based and listed companies with one of their main selling points.

Mr Tom Cross, chief executive of Dana Petroleum, the London-listed independent which has co-operative deals with Lukoil and with Yukos, another large Russian oil company, said: "You get the same exposure to the upside and you know what is going

Even so, investing in small described as a cross between the lottery and gold digging. for the western companies.



A cross between the lottery and digging gold: investing in Russia is not without risk

to invest in JKX, the indeendent with operations in pendent with operations in Ukraine, because he "liked the story".

Such investments were essentially a bit of a punt based on get-rich-quick ideas," he said. "You have a one-in-five

money and a four-in-five chance of making nothing at all. It's no more scientific "At the end of the day institutions, a collection of

individuals, like to dabble a little bit." The uncertainty is increased by the difficulty of using normal valuation mea-

Most analysts use deeply discounted cash flow models to arrive at an approximate value. These take the value of potential oil revenues at some future date as a

starting point. But then they employ widely varying discount fac-tors to account for the commercial, legal and political risks to arrive at a "true" present value.

Mr Stephen O'Sullivan, an associate director at MC Securities, the investment banking boutique, says these "incredibly high-risk rates" western oil companies can make the companies involved in Russia has been look cheap per barrel of oil. It can also be frustrating

having used his own money makes \$3 a barrel on its Russian production after operating costs. But its share price reflects a profit of only \$1 a barrel. Most analysis and inves-

tors stress the importance of management when it comes to choosing an investment.

Ms Caroline Watson, fund chance of making a lot of manager at Thornton Investment Management, which

has a 4 per cent stake in Dana, says faith is essential in a sector which is "difficult r O'Sullivan says:

"There are two ways to do it. There are the intangible factors that you have to feel comfortable with at the same time as looking at barrels of oil in the ground and cash flows." As well as management faith, these intangibles

include oil reserve estimates and the integrity of the Russian partner. Estimates are fundamental to confidence. Investors feel uneasy when a management is felt to be "over-egging

what they have", according

to Mr O'Sullivan. The quality of the local partner in Russia is also important. It can determine the strength of a western company's position as well as its access to infrastructure and potential markets.

One analyst confessed to Dana, for example, says it personal wealth accumulated by top managers of Russian oil giants. But western executives who deal with Russian companies contend that most personal enrich-Russian companies were established.

Many Russian executives are now more concerned with building international businesses on the western model, they say.

Dublin-based Resources found itself in litigation this year with its former Russian partner. The dispute concerned the right of the Russian Transcontinental Financial-Industrial Corporation, the partner, to a 51 per cent stake in Aki-Otyr, a joint stock company with a licence to produce oil in Siberia.

In June, Bula agreed to pay the Russian Corporation \$2.1m for its disputed share of Aki-Otyr. In return, the Russian Corporation agreed to sell its Bula shareholding. the proceeds of which will go to the company.

With the inherent riskiness of such oil investments, recent political traumas simply form part of the equa-

Mr Douglas Helser, analyst at Foreign and Colonial, says: "Everyone accepts Russia is a very risky market. If they are in it, it's because they think the potential returns justify the risks." Stories abound of the vast

COMPANIES AND FINANCE: ASIA-PACIFIC

Sharp held back by semiconductor weakness

By Michiyo Nakamoto in Tokyo

electronics makers, reported a modest increase in profits in the first half amid a mixed trading environment for its main products. The company's results were hit

by the marked drop in semiconductor prices over the past year or so.

On the other hand, Sharp enjoyed buoyant demand for new electronic products, such as digital video cameras and personal handyphones, in its home market.

Non-consolidated recurring prof-Sharp, one of Japan's leading (8319.4m), in line with expectations, on sales 5 per cent up at Y667.5bn. Net profits increased 6 per cent to

Y20.9bn. The biggest setback in Sharp's first-half performance was the plunge in semiconductor prices, which has forced the company to revise its profits forecast for the full year. Sharp said semiconductor sales in the full year would be Y260bn rather than the initially

its rose 3 per cent to Y36.1bn ductor prices to fall a further 10 handyphones - a lighter, cheaper pany's ViewCam sales, eclipsing per cent in the second half. As a and lower-capacity mobile phone result, it expects overall recurring MiniDiscs and digital video camprofits in the year to March of eras Y74bn rather than Y77bn as previously forecast. Net profits will be Y41bn rather than Y42.5bn. The forecast for sales in the full year is unchanged at Y1,360bn. Liquid crystal display panels, for

which Sharp has been an industry leader, also suffered from a decline in prices.

While personal handyphones had been extremely popular, particularly among young Japanese women, MiniDiscs had started to find wider appeal among a young audience on the strength of lower prices and a greater availability ve of MD software, Sharp said.

Meanwhile, sales of digital View-Sharp reported firm demand for Cam video cameras have expanded

The company expects semicon- new products, such as its personal to make up 80 per cent of the comsales of analog versions. Firm demand for these products lifted sales in the audio and communications equipment division by 20 per

> Elsewhere, the popularity of Sharp's notebook personal computers, launched just under a year ago, and its new personal digital assistant, the Zaurus, supported an 18 per cent increase in sales in its information equip-

ASIA-PACIFIC NEWS DIGEST

Solid profits rise at Hitachi Maxell

Hitachi Maxell, the world's leading producer of audio tapes, yesterday reported a sharp increase in interim profits and unveiled plans to triple battery production

Unconsolidated recurring profit - before tax and recurring items - rose 59.6 per cent to Y3.3hn (\$29.2m), on sales up 14.4 per cent to Y57.4bn. Sales of floppy disks rose 23 per cent, in line with world growth in sales of personal computers. Sales of audio equipment and video tapes rose 9 per cent while net profits climbed 23.7 per cent to Y2.4bn.

The group defied the recent trend among Japanese manufacturers towards increasing overseas production, by announcing that it would invest Y1.5bn by next March in a new plant in Ibaragi, central Japan, to increase production of rechargeable batteries from 1.5m to 4.5m units a month. Most of that production will go to Europe and south-east Asia, where demand for cheap batteries is increasing, said Maxell. Its decision illustrates how the decline in the year's value over the past 15 months has restored many exporters' profitability.

William Dawkins, Tokyo

Retirement costs hit Pioneer

Pioneer Electronic yesterday announced an estimated extraordinary first-half loss of Y10bn (\$88.5m), on larger-than-expected payouts under a new early retirement scheme. It said the loss would have only a limited impact on its after-tax balance estimate. In May, Pioneer forecast a six-month recurring loss of Y11.7hn, up from Y7.3hn a year earlier. It now expects to show a recurring loss of Ylbn-Y2bn more than originally

The loss is because of the unexpected number of employees who applied for early retirement under an incentive-based scheme, implemented as part of the company's restructuring. The company targeted 650 employees for early retirement but about 1,000 applied: Guen Robinson, Tolayo

Bank Negara shares priced

Shares in Bank Negara Indonesia, the Indonesian state-owned bank due to be listed on the stock market on November 29, have been priced at Rp850 each, putting the bank on a price/earnings ratio of about 8.7 for this year. The share price values BNI at Rp3,689bn (\$1.6bn). The foreign tranche of the shares was reported to be 10 times oversubscribed. BNI plans to float 25 per cent of its ... enlarged share capital, or 1.085bn shares. Manuela Saragosa, Jakarta

Tyndall Australia expands

Tyndall Australia, the financial services business controlled by Sir Ron Brierley's Guinness Peat group. yesterday announced it was buying Oceanic Capital, another Australasian life insurance and fund management group, for A\$40m (US\$31.8m). Consideration will be a mixture of cash and medium-term convertible

Earlier this year, the listed Australian group indicated it would look at further acquisitions after completing a rights issue. Tyndall said that Oceanic operated in similar market sectors to itself - notably risk insurance - and that the deal would lift funds under management to Nikki Tait, Sydney

gain lifts **Newcrest** to A\$154m

By Nikki Tait in Sydney

A A\$225.6m (US\$179.3m) abnormal gain on the liquidation of gold-hedging postions helped Newcrest Mining, the Australian gold mining group, to a firstquarter profit of A\$154m, against A\$6.1m last year.

Profits before tax and A\$11.1m to A\$13.3m. Revenues were A\$89.8m, against A\$89.1m, with equity gold production standing at 134,238 ounces, slightly down on last time's 151,094 oz.

The abnormal item included a A\$270m profit on closing most of its goldhedging positions. Newcrest announced the liquidation of contracts covering about 2m oz of gold in August. This profit was then offset, by AS47.6m, with "balance sheet adjustments", and augmented by a A\$3.2m profit on the sale of a mine.

The gold-hedging liquida-

tion was seen largely as a response to Newcrest's ill-fated foray into the merger plans of Normandy Mining, the Australian gold mining group. Newcrest bought stakes in Normandy and one of the related merger companies for A\$450m. However, its efforts to join the merger were rebuffed, and its Normandy shares were left showing a

Gold hedge Petronas takes in global panorama

Malaysian oil group is pushing further afield

executives of Petronas move into the top storeys of the world's tallest office blocks some time next year, they will inhabit a symbol of the company's ambition. The 88-storey Petronas twin towers, due for completion in a few months, will be a fitting home for a company with

expanding horizons. Petronas is Malaysia's corporate flagship, the country's biggest taxpayer, and one of its most profitable companies. It is also quickly lifting its profile overseas: the Petronas name is now emblazoned on the cars of a Formula One racing team after a deal earlier this year. This month the company successfully launched a US\$1.9bn bond issue in Europe - the second-largest

corporate issue of its type. Such moves are related to the company's overriding concern: expansion into global markets. Mr Hassan Marican, Petronas president and chief executive officer. has said the company aims to derive about 30 per cent of its income from overseas operations by 2005. Analysts suggest less than 5 per cent of group revenues of M\$22.25bn (US\$8.9bn) in the year to March 31 came from foreign operations.

The reason for its concerted push abroad is simple: Malaysia's recoverable reserves of crude oil will last only 18 years at the

ben the senior according to Mr Hassan. The company has tended to target regions where the government has good - or at least neutral - relations with Malaysia and where competition from the big

groups is not too fierce.

The clearest example of this strategy is in Indochina, focus of the company's most comprehensive overseas investment. When Vietnam opened its economy to foreign investment. Malaysia quickly reinforced political and commercial ties. It became involved in the coordination of master plans for the country's petrochemical and gas industries.

The company owns and

operates two offshore exploration blocks near Vung Tau, southern Vietnam, and has recently made considerable commercial discoveries in them. It began oil production from another field. Dai Hung, in which it has a 20 per cent stake, in October 1994. In March this year, it signed to take a 30 per cent stake in an oil refinery in Dung Quat, central Vietnam, which is expected to have a capacity of 130,000 barrels a day. It also has a 49 per cent stake in a liquefied petroleum gas terminal and bottling plant with capacity of 20.000 tonnes a year.

industry sources say that on September 17. Petronas signed a letter of intent to take a 40 per cent stake in a polyvinyl chloride venture in Malaysian crude, analysts Vung Tau. The stake, expeccurrent production level of ted to be finalised soon, will 630,000 barrels a day, add a key downstream link

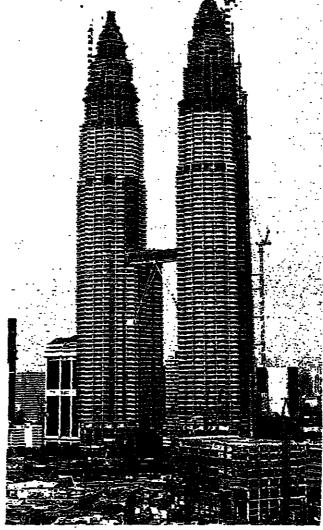
in the company's Vietnam operations.

Petronas is pursuing opportunities in other parts Indochina, where the trade and investment climate should become easier once Cambodia and Laos join the Association of South East Asian Nations (Asean) next year, and Burma joins some time before 2000. For the moment, though, it is confined to building on a small chain of petrol stations in Cambodia.

In South Africa, as in Vietnam, the company's investments were fostered by warm political ties. Earlier this year it acquired a 30 per cent interest in Engen. South Africa's biggest oil retailer, for about US\$436m.

Other international operations do not so far adhere to the pattern of "specific geographies". The exploration subsidiary, Petronas Carigali, signed the first production-sharing contract between Turkmenistan and a foreign oil company in July this year. The deal is expected to yield its first output in about two years. Another controversial

project is Petronas' 30 per cent stake in two oilfields in Iran, taken in spite of the threat of US sanctions. Its involvement in Iran makes commercial sense on at least one level: its new refining facilities in South Africa are suitable for Iranian but not



James Kynge View of the world: the Petronas towers in Kuala Lumpur

Sharpen

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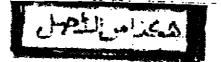
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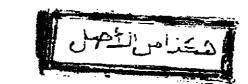
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COMPANIES AND FINANCE: UK

Virgin Express in accord for Sabena flights

Twosome's share of success

George Graham profiles ICV's chairman and chief executive

By Ross Tieman in London and David Owen in Paris

Virgin Express, Mr Richard Branson's cut-price European airline, has reached an outline agreement to take over lossmaking flights operated by Sabena, the Belgian airline, between Brussels

Under the accord, Virgin is expected to reserve some European cities - Copen-seats for Sabena passengers hagen, Vienna, Rome, Milan,

Emap

calls for

EGM on

directors

Emap, the media and

exhibitions group yesterday

called an extraordinary

meeting to seek to oust two

of its non-executive direc-

tors who had earlier called

for Sir John Hoskyns, chair-

The meeting is likely to be

at the beginning of Decem-

ber, and is likely to be pre-

ceded by rival campaigns for

The announcement last

night followed a two-day meeting of all 13 directors

at Melton Mowbray, Leices-

tershire, at which Professor

Ken Simmonds and Mr Joe

Cooke, the two non-execu-

tive directors, called on Sir

John to resign and alleged be had misled shareholders

and directors over new rules

Over two days of tense

negotiations Mr David Arcu-

lus, group managing direc-

tor, moved between the two

camps of directors, based in

different rooms, attempting

However several proposals

were rejected by both sides.

Sir John's side dismissed a

proposal that he, Mr Robin

the two dissident non-execu-

tives resign simultaneously.

Mr Richard Winfrey, deputy

chairman, would have taken

over as chairman. Another

suggestion was that the two

rebels resign at next year's

annual meeting, but they

he had suggested that both

he and Sir John step down.

but this was thrown out by

At the company's annual

meeting in July sharehold-

ers approved a change to

Emap's articles of associa-

tion which enabled directors

to be ousted with the

approval of 75 per cent of

The company also scrapped the rule that it had

the board.

the board.

Professor Simmonds said

Miller, chief executive, and

to act as a peacemaker.

for removing directors.

shareholder support.

Christopher Price

man, to resign.

and sell the rest through a Nice, Barcelona and Madrid telephone booking system - served by Virgin Express. telephone booking system for as little as £50 (\$78)

The deal will give Virgin Express access to scarce take-off and landing slots at Heathrow Airport, the busiest in Europe. It will also enable it to offer connections via Brussels between London and seven continental

esterday's £65m

(\$101m) sale of ICV

to the US database

group Primark leaves the

twosome which has turned

the company into the lead-

ing supplier of share prices

and news in the UK with a

ICV's principal share-

holder is a trust for the bene-fit of Mr Christopher

Sharples, its chairman, and

his family. That 54 per cent

The 17 per cent stake held

by Mr David Taylor, chief executive, will fetch £11m, and other senior managers

will between them own

It is Mr Sharples who, as

chairman first of the Associ-

ation of Futures Brokers and

Dealers and then of the

Securities and Futures

Authority, has had the

The son of two Conserva-

tive politicians - his father,

Sir Richard Sharples, was

assassinated in 1973 while

serving as governor of Ber-

muda, and his mother, Bar-

oness Sharples, sits in the

House of Lords - he started

Imperial Chemical Industries yesterday

down 47 per cent to £131m (\$204m) -

and claimed to detect the first signs of

Mr Alan Spall, finance director, said

the company had experienced volume

gains in all its businesses during the

latest quarter, although prices remain

an upturn in the chemicals cycle.

shares worth £7m.

higher profile.

By Ross Tieman

RESULTS

stake is now worth £35m.

sizeable profit.

The accord is understood to pose no threat to the arrangement whereby Virgin

Atlantic, the inter-continental airline, uses British Mid-land for feeder services to its long-haul flights. But it will help Sabena make cost savings demanded by Swissair, which has a 49 per cent Virgin Express is expected

his career with the Czarni-

In 1972 he co-founded

InterCommodities, a special-

ist derivatives trader now

called GNI and owned by

Mr Sharples hired Mr Tay-

lor in 1980 as his marketing

manager, when the then 23-

year-old IBM graduate

trainee tried to sell him an

expensive typewriter.
ICV was born out of Inter-

Commodities in 1981 and

soon became the first com-

pany to put commodity

prices on screen. In the early

1980s it became a bible to UK

potato farmers through the

potato futures prices it pub-

lished through Prestel CitiS-

ervice, the television-based

British Telecom in 1990, and

ICV took a step forward in

1993 when the London Stock

Exchange outsourced its

Topic share information ser-

Telekurs last year. The

competition with Reuters.

showed third quarter pre-tax profits increases in mainland Europe for the

9.09

(0.021) 2.28L (0.165L) (nll) 0.046L (0.037L)

Topic contract put ICV into the news service market.

downswing - "We have had volume

first time in six quarters," he said.

year. Despite £90m of savings from a

19.29L† (5.81L) 0.05L (0.04L) 29.1 (61.6) n# (0.17L)

2.9† 2.33 2.1

ICI sees upturn in chemicals

A new contract with the remains the main share- business

information system.

kow sugar broking house.

Gerrard & National.

each way on the Sabena routes using its own Boeing 737-400 aircraft before the end of November.

The deal makes it more likely that Virgin Express will concentrate on developing services into France from Brussels, rather than acquire a French airline. It is understood that Vir-

CitiService was sold to Stock Exchange this year to holder Mr Taylor is gener-

the exchange's new elec-

tronic trading system has

pushed ICV further into con-

Jones, Reuters' arch rival in

sion - chief victim of the cyclical £113m for restructuring.

weak. In the industrial chemicals divi- was struck after exceptional charges of

The glimmer of recovery comes after months of 1995, they made trading prof-

a bruising first nine months of the its of £124m from turnover of £1bn.

cost cutting programme, involving the David Ingles, of HSBC James Capel,

loss of 2,500 jobs, group pre-tax profits said "they were pretty poor numbers,

fell 48.6 per cent to £385m. The figure but there were no nasty surprises."

provide software supporting ally given credit as the driv-

Although Mr Sharples UK-based securities data

opment.

ing force behind ICV's devel-

In the latest quarter industrial chem-

Shares in ICI rose 17p to 7921/2p. Mr

icals managed only to break even on

sales of £954m. During the same

Under the terms of yester-

to begin nine daily services sortium bid for Air Liberté, the troubled French carrier subject to a joint takeover offer by British Airways and Groupe Rivaud, the French bank. Adding Air Liberté to TAT, its existing French airline, would give BA about 20 per cent of the French

domestic market. Administrators to Air Liberté are expected to meet gin Express has been today to consider the approached to make a con- FFr630m (\$118.6m) BA/Rivaud offer, But Virgin executives appear to believe BA is offering a very full price for a carrier suffering heavy losses.

Separately, Nouvelles Frontières, the travel group which this week withdrew from bidding for Air Liberté. confirmed it was interested in AOM, another French domestic airline owned by Crédit Lyonnais, the troubled state-owned bank.

But they also risk losing their entire initial outlay. And while they must put develops cash from their own taxed income into the scheme, they will be rewarded with

By Daniel Bögler

bonus

scheme

Hays

Hays, the UK business services group, is launching an innovative long-term bonus scheme that mimics the high risks and lavish rewards of a management buv-out.

.Under the scheme, top managers could turn a £20,000 stake into £480,000 or lose their entire investment, depending on the group's performance.

It is the idea of Mr Ronnie Frost, chairman, who started out as a chicken trader and now owns Hays shares worth more than £100m after leading its 1987 MBO and 1989 flotation.

Mr Frost said: "I want to pass on the culture of our frontation with Reuters that day's deal they will remain original buy-out to the next vice to ICV and Telekurs of can only be accentuated by as chairman and chief execugeneration. I want to moti-Switzerland ICV bought out the new link with Dow tive respectively of ICV, and vate my key executives and will take on the same roles lock them in at the same at Datastream, Primark's time.

The plan will not be open to executives who participated in the buy-out, but will include Mr John Napier, group managing director, and Mr David Tibble, finance director.

About 30 Hays executives will be invited to pay into a trust fund up to 20 per cent of their basic salary in any year. After five years, the fund will grant them Hays shares, awarded according to earnings growth over the period.

As its benchmark, the scheme takes the average annual growth in earnings per share of the median FTSE 100 company - forecast by City analysts to be

5-8 per cent. If Hays' earnings growth matches that figure, the par-ticipants lose their stake. If it beats it by 2 per cent, they are granted enough shares to get their money back, but without interest. Thereafter, the gearing of the plan increases rapidly.

Over the past five years, only seven FTSE 100 companies have outperformed the median by 10 per cent or

The principle of very large rewards for exceptional performance and penalties Earnings per share (pence) for poor performance is absolutely correct. For that reason alone, Hays' new long-term bonus plan looks like a good idea. If all goes swimmingly, the group's managers can multiply their money by a factor of 24 over five years.

1991 92 93 94 95 96

Hays shares. In many long-term incentive plans participants contribute part of a pre-tax bonus not yet received - which is much less painful. In the quest to align the interests of management

LEX COMMENT

Executive pay

and shareholders this scheme goes further than most. There are, however, two niggles. First, the new bonus plan does not replace other parts of the executives' remuneration package, it is merely another layer of the cake Participants will continue to draw the same salaries and be eligible for annual cash bonuses as well as the group's two share option schemes. A cut in basic salary in return for being granted such a highly geared incentive plan would seem fairer.

Second, while the scheme's performance hurdles are demanding, it is questionable whether growth in earnings per share is the right measure, since it is relatively easy to manipulate. Basing the performance targets on a blend of earnings growth and total return to shareholders might be a better solution.

NEWS DIGEST

Premier buys stake in Pakistani field

Premier Oil, the UK-based independent oil and gas company, has paid \$33m for a 15.79 per cent stake in a gas field in Pakistan as it announced a meeting with Discovery Petroleum, its bid target in Australia.

Mr Charles Jamieson, chief executive, said the group had "plenty of capacity" for both deals. The Pakistan venture and the proposed A\$91.2m (\$71.8m) price for Discovery would push gearing to about 60 per cent. Mr Steve Lowden, general manager of Premier's international operations, will meet Discovery directors in Australia today to discuss the latter's rejection of Premier's 70 cents

share offer earlier this week. Discovery's directors rejected the offer as too low after Oil Search, another Australian oil independent, bought a 10.1 per cent stake in Discovery for 75 cents a share.

The company's rejection also coincided with a report by accountants Grant Samuel which valued the shares at between 77 and 95 cents. The Pakistani deal adds about 2,000 barrels a day to

Premier's production. It bought the stake from Idemitsu of Japan. Pakistan's Oil and Gas Development Corporation owns 50 per cent of the site while Lasmo, the UK's second largest independent oil explorer, is the site's operating company with an 18 per cent stake.

Smiths makes US purchase

Smiths Industries, the aerospace, medical and industrial equipment group, has expanded its presence in the North American aerospace market with the \$30m acquisition of Leland Electronics. Smiths intends to pay \$13.5m cash to Leland's private owners and assume \$16.5m of debt, with the final price depending on valuation of net assets. Leland, which manufactures electrical power

generators, made operating profits of \$4.7m on sales of \$36.5m in the year to the end of June. More than 12,000 aircraft are fitted with its products, primarily in the US. Justin Marozz

Abtrast New Thai ___ 6 mths to Aug 31 188.11 (191.64) 0.472 (0.35) Brit & American __ 25 whs to June 30 ★ 114 (92) 0.583 (0.689) Grestians House ___ 6 mths to June 30 17.4 (37.4L) 0.091 (1.11♥) Schröders Vent Int __ 49 wks to May 23 193.6 (-) 0.008 (-) Southish Mortgage . 6 mths to Sept 30 ★ 322.9 (309.8♦) 14.7 (12.3) Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. \$LISM stock. SUS currency. After exceptional charge. \$Alter exceptional charge. to have at least five non-executive directors. Pressing the case for cider

lcopops are for the young and are downmarket, says Mr John Rudgard, chief executive of HP Bulmer, whereas the cider consumer is becoming older and more upmarket.

'Alcopops are fashion driven, so people will tire of them," argues the head of the UK's leading cider maker, pointing out that sales of alcoholic lemonades and similar drinks have started to decline in Australia, where they were pio-

His argument directly contradicts Matthew Clark, Bulmer's main cider rival, which last month issued a profits warning and laid the blame fair and square on the incursions of alcopops into its premium cider mar-

Independent research carried out for Bulmer shows that 60 per cent of alcopops drinkers have switched from drinking lager - either canned, bottled or draught. Only 15 per cent have turned to alcopops from

Mr Rudgard also argues that while alcopops have proved a roaring success, the size of the market should be kept in perspective. Total UK alcopop sales are estimated at about 614,000 hectolitres a year, compared with lm hectolitres of Strongbow. Bulmer's leading branded

He is almost messianic in his belief in the future of cider, and is not atraid to doubled the advertising budget at Bulmer when cider volumes in the UK were fall-

Earnings immediately of 10 for business acumen and distributing Two Dogs in Australia.

Bulmer's chief executive tells David Blackwell why he's not worried about alcopops



Not a fashion victim: John Rudgard argues that alcopops are a fad the young will soon tire of

However, the strategy reversed the decline in cider's fortunes in the UK drinks market, and earnings soon recovered.

Sales have spread further across the UK from the Hereford and west country base and the group now sells stick his neck out. In 1988 he more cider north than south of a line from the Wirral to the Wash.

Bulmer has not turned its back entirely on alcopops. bottling Bass's Hooper's tumbled. "I got nought out Hooch at its Belgian plant

But these are opportunist operations - the group has disposed of all peripheral businesses such as pectin and fruit juice over the past few years in order to focus firmly on cider.

Group research shows that cider drinking is steadily increasing in popularity. In 1992 only 16.2 per cent of adults said that they drank cider occasionally, but a similar survey this year shows the figure had risen to 22.5

per cent. It estimates the UK market will show underlying is equal to about 6 per growth of 5 per cent this cent of the UK beer market. the group's

year to just over 5.23m hec-If this rate of growth con-

tinues, the market will touch 6.82m hectolitres by the end Bulmer has steadily increased its share of the UK market to just over half, and is now looking overseas for further growth. It has started to experiment with Strongbow draught at 150 bars in Belgium, a further 150 in Italy and 200 in the

Early results are encouraging, according to Mr Rudgard, who, in spite of his convictions about cider's growth prospects, is making haste slowly. "We do not want cider to be fashion driven internationally," he argues. "We have a 25-year perspective." His ambition is to capture

0.5 per cent of the developed world's beer market.
"In the developed world youngsters are doing the

same things on Friday and Saturday nights," he says. "If we can get cider accepted in venue bars the only questions are how many venue bars are there

around the world and bow

do you get there?" While he denies attempting to do for cider what Guinness did for stout, he does argue that Strongbow "has all the characteristics of an international brand" and that he has a strong home market base on which

to build. And 0.5 per cent of the beer market does not look too ambitious, he maintains. when UK cider consumption

Nasdaq listing for Eidos

Eidos, the computer games software group, yesterday announced plans for a public offering of up to 7m shares on Nasdaq to raise up to \$70m.

unchanged at 792½p. The move's final details have yet to be finalised. "We still need to go on a road-show for the US institutions and their interest will to some extent determine the pricing," said Mr Charles Cornwall, chief executive.

A Nasdaq listing would

The shares closed

allow the group access to the market on a "more favourable status" and attract new US investors.

quoted developer-publishers on the main market in the UK and it is very difficult for investors to look at comparables." Eidos will use the pro-

ceeds to invest in new products and "development companies with proven track records". The group also announced

a 25 per cent acquisition of funerloop Technologies, the Norwegian computer games developer, for \$875,000. Mr Cornwall said that in the past the industry had

made the "great mistake" of buying developer houses and then seeing key people leave. Acquiring partial stakes would help create "a relationship with long-term benefits to both publisher and developer". The offering of shares in

the form of ADSs - represented by ADRs to US and UK investors - will improve

This announcement appears as a matter of record only

£125 million Management Buy-In

The Stationery -Office

Transaction led by Electra Fleming Limited

£40 million equity arranged by **Electra Fleming Limited**

£40 million mezzanine arranged and underwritten by Intermediate Capital Group PLC

£45 million debt facilities arranged and underwritten by Bank of Scotland



ELECTRA FLEMING LIMITED 65 Kingsway London WC2B 6QT Telephone 0171 831 6464 Fax 0171 404 5388

LONDON PARIS MILAN NEW YORK HONG KONG.

Gilts trading hectic amid talk of squeeze

GOVERNMENT BONDS

By Samer Iskandar and Richard Adams in London and Lisa Bransten in New York

Traders in UK gilts had a hectic session yesterday, as they had to juggle with rumours of a market squeeze as well as the potential effects of a ruling by the European Court of Justice against the government on the issue of VAT claims. The market was also under pressure from sterling's weakness against the D-Mark.

Liffe's December long gilt future settled at 1095, down %, before reaching a low of 109% in after-hours trading. The Bank of England auctioned £1.5bn of 8 per cent stock due 2015. Bids covered 2.66 times the amount on offer and the auction left no tail - the highest accepted bid matched the average bid

at a yield of 7.86 per cent.

London dealing rooms that Goldman Sachs, the US investment bank, had cornered the market by buying between two-thirds and the whole amount offered were dismissed by traders as unrealistic. Goldman Sachs said it never comments on its market dealings.

Mr Andrew Roberts, a gilt analyst at UBS, said "simple arithmetic shows that it is impossible for one institution to end up owning anything near the total amount".

The regulatory framework also went some way to dispel the rumour. The Bank of England's operational notice (June 1996) states that although "the Bank will allot stock to individual bidders at its absolute discretion...bidders should not is favourable, with monthly expect to acquire at the aucsupply of around £1bn in the tion for their own account more than 25 per cent of the amount on offer."

Rumours circulated in This, however, does not prevent market-makers from bidding on behalf of clients. with no ceiling.

One senior analyst in London said: "It does not matter whether someone cornered the market. This will soon be forgotten, because if their aim was to gain by driving prices up, it was obviously defeated."

The 8 per cent gilt due 2015 was trading at 100 late in the afternoon, down from 101%, the price at which it was allotted at the auction a loss of approximately £8m on the total of £1.5bn that had been issued.

Analysts warned that the market could remain edgy in the near term, but several agreed the long-term outlook was bullish. "The funding environment

next three to six months".

UK economist at Nikko.

said Mr Simon Briscoe, chief

were down, in line with bunds and US Treasuries. Traders said that in the absence of further economic news, Wednesday's bearish comments by Bundesbank officials continued to be the market's main source of inspiration. Liffe's December bund future closed at 99.27. down 0.20.

Other European markets

dan

LIFFE Dec '96 contract bid price

BTPs and Spanish bonos outperformed, their 10-year yield spreads over bunds narrowing by 4 basis points to 224 and 178 points respectively.

■ Liffe's December JGB future yesterday reached another record high, rising 0.52 to 124.56. It also traded above its Tokyo settlement price of 124.42.

Dealers in Tokyo said the rise was due to news that the Finance Ministry's trust fund bureau will maintain its current portfolio strategy, which attributes a heavy weighting to holdings of JGBs.

In the cash market, the benchmark bond number 182 rose 0.40 to 102.64, its vield dropping to 2.63, from 2.69.

■ A drop in the number of people filing for unemployment benefits last week caused US Treasury bonds to due a week from today.

In the cash market, Italian give up the gains made late on Wednesday. Near midday, the bench-

mark 30-year Treasury was 1/2 lower at 98美, to yield 6.865 per cent, while the two-year note had fallen i to 99%, yielding 5.942 per cent. The December 30-year bond future lost & to 110%.

Bond prices were flat in morning trading, and fell after the Labor Department said that the number of people filing first-time claims for unemployment benefits fell by 22,000 last week.

Economists from Donaldson, Lufkin & Jenrette said the data "point to further strength in the labour market, regardless of the temporary effects of the auto workers' strike".

They added, however, that there seemed little correlation between often volatile weekly data and monthly figures on job growth. October employment figures are

CAPITAL MARKETS NEWS DIGEST

Lebanese hotel group plans listing

Two of Lebanon's most famous landmarks took another step out of the ashes of war-damaged Beirut yesterday when Société des Grands Hotels du Liban approved a significant capital increase via a debt and equity package. SGHL is undertaking the restoration of the once luxurious 572-room Phoenicia Intercontinental Hotel, which was gutted during the civil war, and the company's subsequent listing on the Beirut Stock Exchange should boost trading on the near dormant bourse.

Mr Omar Jaroudi, director of Lebanon Invest Finance, said "the restoration package comprises a capital increas from Leszem to Le160bn (\$108m) and loans totalling \$55m", adding that "under the asset revaluation. shareholders receive 197 shares for each old one and those contributing fully to the capital increase 105 shares for

The Beirut exchange, which has been lacklustre since it reopened in January after a 13-year closure, is at the heart of plans by Mr Rafik al-Hariri's, the Lebanese prime minister, to revive Lebanon's capital markets. It is a vital future conduit for funds to flow into the country for national reconstruction. Lebanon's biggest company, Solidere, moved its shares this month from the privately operated Beirut Secondary Market to the official BSR. This added \$2bn to the market capitalisation of the bourse, which was less than \$400m. Mr Jaroudi said "the demand for stock on the Beirut market will increase with the listing of SGHL because it will introduce full transparency and disclosure, which is presently lacking, but vital to get the market going. Sean Evers, Cair Sean Evers, Carro

Banco di Napoli clears hurdle

The last important hurdle in the path of privatising the ailing Banco di Napoli, the most important financial institution in southern Italy, was cleared yesterday when the chamber of deputies endorsed a L2,000bn capital injection from the treasury. The centre-left government of Mr Romano Prodi imposed a vote of confidence to prevent the bank's rescue operation being slowed by more than 1,000 amendments tabled by the populist Northern League. The legislation now goes to the senate but the government has a clear majority there. Apart from the capital increase, the operation involves hiving off some L10,000bn in bad loans to Reviban, a shell company owned by Banco di Napoli.

Indices for Lithuanian SE

The National Stock Exchange of Lithuania, based in Vilnius, announced its first official stock market indices yesterday. The Litin-A index includes 23 listed equities of companies comprising 32 per cent of total market capitalisation on the Lithuania exchange. The Litin G index includes all recently quoted listed shares. The index base is 1,000 at January 1 1996. So far this year the Litin-A index has risen by nearly 72 per cent and the Litin-G by Richard Adams

- Low coupon yield - Medium coupon yield - High coupon yield - Oct 24 Oct 23 Yr. ago Oct 24 Oct 23 Yr. ago Oct 24 Oct 23 Yr. ago

7.02 7.55 7.14 7.08 7.55 7.21 7.14 7.65 7.82 8.16 7.84 7.79 8.20 7.89 7.83 8.30 7.83 8.21 7.93 7.88 8.25 7.96 7.82 8.33 7.57 8.35

UK Indices

MEL CRAY

Double-A rated issuers offer five-year deals

INTERNATIONAL BONDS

By Conner Middelmann

More US dollar-denominated five-year eurobonds surfaced yesterday. However, unlike a recent slew of triple-A rated issues – five-year bonds priced at spreads in the low teens over Treasuries - yesterday's issues came from double-A rated borrowers

offering juicier yields.
Associates Corp of North America, the diversified US consumer and commercial finance company 80 per cent of five-year bonds yielding 40 basis points over Treasuries. The issue - the borrower's

market - was well received. because of its generous pric-

According to an official at Lehman Brothers, joint book-runner with Goldman Sachs, the deal was more than twice subscribed, and tightened to 39 basis points on the bid side after the bonds were freed to trade.

A \$300m transaction for Japan's Kyushu Electric Power, although more tightly priced at a spread of 22 basis points, also benefited from demand for higher yield. According to lead manager Merrill Lynch. some 20 per cent of the issue went to Asian investors, with the rest spread across

borrower to gain from investors' hunt for yield, with its Y50bn offering of bonds due March 2005: the unusual

cent coupon. The transaction was targeted almost entirely at Jap-

ket keeps hitting all-time book-runner Nikko Europe.

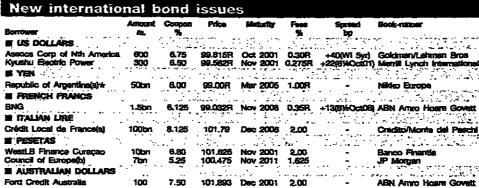
0.27

Open Sett price Change

Argentina was another maturity made it possible for the bonds to bear a 6 per

anese investors. "The Japanese bond mar-

highs - 10-year JGBs now yield 2.75 per cent and short-term rates are around 0.4 per cent - so investors are hunting for anything that offers higher returns," said a syndicate manager at The bonds were sold



riment bond) at launch supplied by lead manage *Unlisted. R: fixed re-offer price; fees shown at re-offer level. a) L200bn launched Wednesday was increased to L300bn, b) Pta15bn launched on Tuesday was increased to Pta22bn. Redemption price: 171.171%. Callable on 25/11/01 at 173.992% and on 25/11/03 at 122.251%. s) Short 1st coupon.

such as regional banks and co-operatives, he said. Crédit Local de France capitalised on bullish sentiment in the Italian bond market after Wednesday's central bank rate cuts. increasing a L200bn 10-year

bond issue launched on

Wednesday by L100bn.

Low

123.20

Low Est, vol. Open in

106.92 87,730 72,933

0.77

123.75 123.51 +0.03 123.90 123.20 123.00 122.74 +0.01 123.00 122.67

Open Sett price Change High

107.17 107.08 +0.18 107.37

1-34 1-07 0-50

An official at Credito Italiano, joint lead with Monte dei Paschi di Siena, said the bonds saw strong demand from Italian and international investors. Elsewhere, the Korean

Development appointed J.P. Morgan and Merrill Lynch to lead-man-diate maturity.

Up to 5 years (22) 5-15 years (19) Over 15 years (8)

FTSE Actuaries GoyL Securities

-0.04 -0.35 -0.42 -0.71

121.71

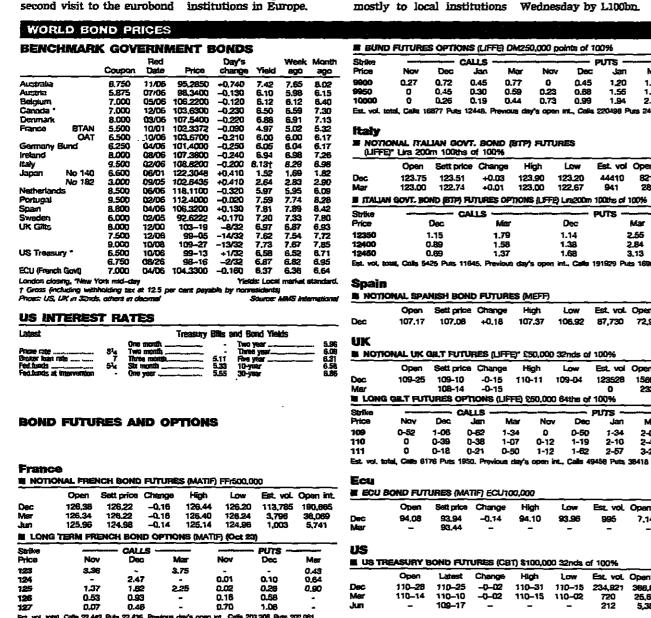
Thu Oct 24

121.66 149.98 165.73

ager its fifth global bond, due to be launched in coming weeks. It will be the first sover

eign benchmark bond from Korea since the country was invited to join the OECD. Bank The offering will be worth \$500m and have an interme-

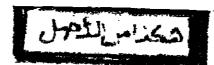
8.04 5 yrs 8.49 15 yrs 9.83 20 yrs 8.83 lired.†

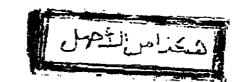


UΚ	GILTS I	PRICES					
Viar	98.40	98.25	-0.18	96,45	98.17		14112
Dec	99.56	99.27	-0.20	99.59	99.16	179094	255628
	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Gerri	nainy Ional Ger	MAN BUND	FUTURE	s (uffe	T DM250	,000 100ths	ol 100%
^	-4						
Est. vol. 1	1000), Cadha 22.4	42 Puls 22.43	5. Previous o	tay's open	int., Calis i	203,206 Puts 2	02,061.
127	0.0	7 0.4	6	-	0.70	1.06	-
126	0.5				0.16	0.58	
25	1.3				0.02	0.28	0.90
	-	2.4		.75	0.01	0.10	0.43 0.64
123 124	3,3	6 ~				-	

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Dec	126,38		.22	-0,16		126.44		6.20	113,785						beu	Sett	priçe	Change	e Hiş	gh	Low	Est vo	l. Openir
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	TERM FR									•	٠.	M	r		_	95	.44	-	_	•	-	-	-
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CURRENCIES AND MONEY

D-Mark advances on European crosses

MARKETS REPORT

By Simon Kuper

The D-Mark enjoyed its Swedish interest rate cuts. and from Bundesbank comments on Wednesday that Germany would not reduce rates.

a pfennig to close in London at DM2.423. The last two days' trading have erased most of the pound's gains of last week.

But the D-Mark firmed against the dollar and slipped marginally against the yen as the major curren-

ranges. The dollar closed Y0.2 softer in London at Y112.8 after facing technical resistance at Y113. Many in the markets believe that Washington wants the dollar to

POUND SPOT FORWARD AGAINST THE POUND

17.0477 -0.0616 418 - 536 49.8207 -0.1744 779 - 635 9.2875 -0.036 836 - 915 7.2760 -0.0254 704 - 815

1.5911 -0.0051 907 - 915 1.6327 -0.006 320 - 334 2.1414 -0.0024 405 - 423 12.4436 -0.0802 368 - 503 1.5914 -0.005 910 - 917

5.2129

-0.038 015 - 077 -0.1718 680 - 521 +0.0142 065 - 193

stop rising against the yen.

■ Italy's rate cut of 75 basis points on Wednesday sent the lira falling below L1,007 second day of gains yester-day, advancing most strongly against sterling. It benefited from Italian and L1,004, L2 down on the day. L1,004, L2 down on the day. The lira is now thought to

be near the level at which Italy wants to join the European exchange rate mechanism. "Italian policy makers Sterling lost nine tenths of and industry are likely to be well pleased with the lira's weakening," said Mr Klaus Baader, economist at Deutsche Morgan Grenfell in Lon-

Italy hopes to join the only a fifth of a pfennig ERM at a weak rate below L1,000 to the D-Mark. However, France would prefer its neighbour to join at a stroncies were stuck in narrow ger rate, to stop Italian

Pour	ad to Now Y	ork
Oct 24	⊷-Latest	··· Prev. close ··
£ spot	1.5926	1.5880
1 mth	1.5913	1.5973
3 හණ	1.5901	1,5982
1 yr	1.5834	1.5897

| DMX| | 9.2875 | -0.038 835 - 915 | 9.3267 | 9.2810 | 9.2702 | 2.2 | 9.2889 | 7.2760 | -0.0254 704 - 815 | 7.3070 | 7.2550 | -0.0254 704 - 815 | 7.3070 | 7.2550 | -0.0254 704 - 815 | 8.1827 | -0.0384 783 - 881 | 8.2175 | 8.1705 | 8.1661 | 2.4 | 8.1363 | DM3| 2.4231 | -0.0088 223 - 238 | 2.4327 | 2.4200 | 2.4176 | 2.7 | 2.4063 | DM3| 2.78871 | -1.198 692 - DS0 | 382.721 | 379.517 | -1.198 692 - DS0 | 382.721 | 379.517 | -1.28889 | 0.9895 | 0.9895 | 0.9896 | 0.9896 | 0.9895 | 0.9896 | 0.9896 | 0.9896 | 0.9895 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 | 0.9896 |

1.5980 1.6392 2.1484 12.5404 1.5963

5.2230 5.1940

-0,0013 005 - 025 2,0037

17.1091 17.0340 17.0042 3.1 50.1080 49.8250 49.8007 2.9 9.3267 9.2810 9.2702 2.2 7.3010 7.2850 - -8.2175 8.1705 8.1861 2.4

10.5135 10.4667 10.4742 2.0037 1.9965 1.994

1,6309

1.2643 -0.0049 637 - 649 1.2691 1.2626 1.2625 1.8 1.259 1.7 1.2412 1.8

exports from gaining a com-petitive advantage.

Currency strategists said vesterday that the lira. which was forced out of the ERM with sterling in September 1992, could re-enter the mechanism by late November or mid December. Previously strategists had expected a re-entry after the

It is generally assumed that a currency must belong to the ERM for two years before it can join the single European currency. Mr Filippo Cavazzuti, Ital-

ian treasury under secretary. said he hoped that a further interest rate cut would follow if parliament passed the 1997 Budget. The vote on the package is likely to take place in mid November.

Mr John Wareham, executive director of global foreign exchange at Merrill Lynch in London, said the Italian currency could fall further soon. With the end of the year approaching, many who had made money buy-

2.3 - -2.8 48.5557 2.7 2.1 9.1003 2.0

0.2 0.9864 0.3 -2.2 2466.98 -1.4 2.8 48.5557 2.7 3.0 2.6395 2.9 0.8 10.1984 0.7 -1.0 205.293 -0.6

0.1 10.4637 0.1 4.3 1.9191 4.1

85.7

129.1

8.1353 2.3 7.9976 2.4063 2.8 2.3564

49.5757 9.2386

0.1 10,4729 4.6 1.9802

D-Mark



ing the lira on convergence trades might sell "to lock in a good year", he said.

■ Sterling's bad day had little to do with hard economic news, "It's largely profit taking," said Mr Chris Turner, currency analyst at BZW in London. Sterling's trade weighted index against a basket of currencies fell another 0.3 points to 88.5, of a cent against the dollar

Mr Paul Meggyesi, senior currency economist at Deut-sche Morgan Grenfell in London, said the government's European Court defeat over VAT payments had helped depress the pound. Traders believe the judgement could increase the PSBR.

■ The currency markets had expected yesterday's Swedish rate cut. But they were surprised that the Riksbank, the central bank, also

changed its repo rate policy. The Riksbank cut its repo rate by 25 basis points to 4.60 per cent from next week, and said it would stop

rate would stay unchanged for the next three operations. Mr Meggyesi said this seemed to mean that the end of the rate cycle had moved closer. For that reason, he said, yesterday's cut sent the crown only slightly

France week ago Senteny week ago

week ago

week ago
litaly
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Netherlands
week ago
Switzerland
week ago
US

week ago

Japan week ago

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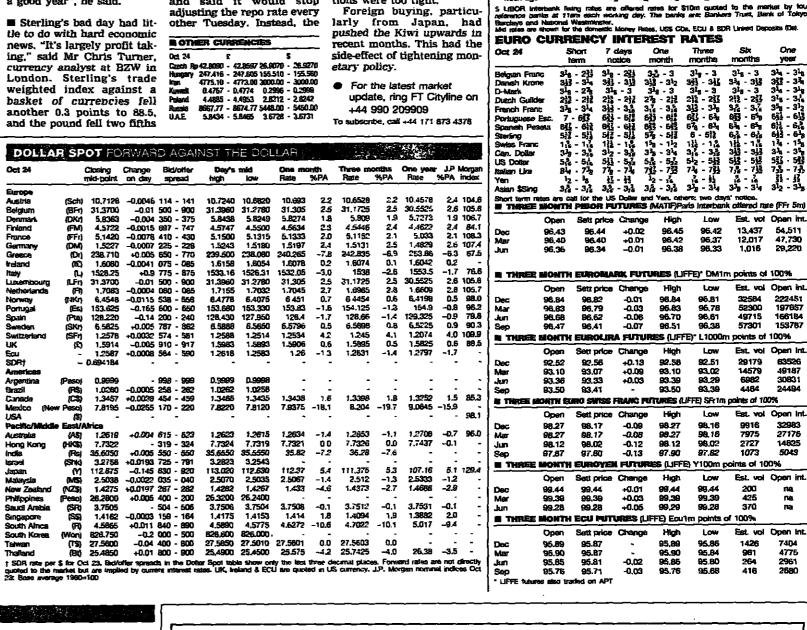
S LIBOR FT London

in London trading. The Riksbank cut deposit and lending rates by 50 basis points to 4.25 per cent and 5.75 per cent respectively.

lower to 4.325 to the D-Mark

■ The New Zealand dollar lost nine tenths of a cent against the US dollar to close at \$0.7006 in Asia yesterday, after the Reserve Bank said monetary condi-

tions were too tight.



179.624 -0.801 513 - 735 3.9844 -0.0161 831 - 856 2.2716 +0.0242 689 - 732 110.9 22715 +0.0242 699 - 732 22893 22480 41.8207 -0.1248 478 - 835 41.8935 41.7478 5.9694 -0.0169 669 - 698 5.9839 5.9608 2.2536 -0.0076 527 - 545 2.2644 2.2601 7.2967 -0.0057 931 - 043 7.3281 7.2885 315.85 -4.89 417 - 713 328.19 1314.17 43.8576 -0.2031 161 - 991 44.0683 43.8161 40.5558 -0.1127 387 - 724 40.7250 40.5030 (SS) (F) (Won) (TS) Singapore South Africa Taiwan Thailand CROSS RATES AND DERIVATIVES SPr DKr Oct 24 FF? 4.289 3.189 2.305 1.714 2.616 1.345 0.884 0.557 2.165 1.810 0.088 0.065 0.788 0.586 2.085 1.550 0.876 0.586 1.050 0.780 2.043 1.519 1.069 0.795 2.141 1.592 1 0.744 1.345 1 1.192 0.888 1.594 1.259 489.6 408.7 259.2 219.7 299.7 249.3 100.9 84.19 247.1 206.3 10.05 8.388 89.92 75.06 238.0 198.6 100. 83.47 119.8 100. 233.2 194.7 122.1 101.9 244.4 204.0 114.2 95.28 153.5 128.1 136.1 113.6 193.4 167.4 cudo, Una and Pessen 1.981 4872 1.085 2619 1.208 2972 0.408 1004 1 2459 0.041 100. 0.364 894.8 0.963 2956 0.405 895.1 0.485 1192 0.944 2321 0.494 1215 0.998 2432 0.482 1138 0.621 1256 0.621 1256 0.551 1354 0.762 1924 4,010 2,003 2,156 1,077 2,447 1,222 0,826 0,413 2,024 1,011 0,082 0,041 0,737 0,368 1,948 0,974 0,819 0,409 359.8 193.4 219.5 74.12 181.6 7.385 66.08 174.9 88.04 171.4 89.71 179.6 16.39 8.811 10 20.99 11.28 12.81 4.325 10.80 0.431 3.856 10.20 4.289 5.137 10 5.235 10.48 4.895 6.583 5.835 5.835 5.445 2.827 3.322 2.748 0.112 1.122 1.332 2.594 1.332 2.718 1.270 1.707 1.513 2.150 20.57 11.06 12.55 4.239 10.38 0.422 3.779 10 4.202 5.034 9.800 10.27 4.797 6.451 5.718 8.125

8.811 2.608 10 2.961 3.377 1 8.274 2.450 0.338 0.100 3.071 0.891 7.966 2.352 4.011 1.188 7.808 2.312 4.087 1.210 8.183 2.423 3.822 1.132 4.556 1.349 6.474 1.917 9.390 0.382 3.417 9.043 3.800 4.552 6.862 4.639 9.287 4.338 5.634 (F) 18.37 (NKr) 48.61 (Es) 20.43 (Pts) 24.47 (SKr) 47.63 (SFr) 24.94 (FI) 18.37 (NKr) 48.61 (Es) 20.43 (Pts) 24.47 (SKr) 47.63 (SFr) 24.94 (C) 49.92 (CS) 23.32 0.409 0.490 0.954 0.500 0.981 1.910 1 2.002 1 0.467 0.628 0.557 0.935 1.258 1.115 1.584 DEBARK FUTURES (IMM) DM 125,000 per DM Latest Change High 0.8919 +0.0005 0.8936 LOW 0.8914 High 0.6597 LOW Est, vol Open int. Change 44,217 388 339 64,368 3,501 2,444 -0.0007 0.6597 -0.0006 0.6631 0.6588 0.6629 0.6680 0.6585 0.6583 0,6629 E SWISS PRANC PUTURES (MM) SFr 125,000 per SFr

UK INTEREST RATES LONDON MONEY RATES Oct 24 Over- 7 days month months months with months we month notice month months worth months we month of the first starting for the first star	Dec Mer	0.8020 0.8068	0.7989 0.8069 0.8167	-0.0095 -0.0032	0.8003 0.8070	0.7988 0.8068	19,552 148 1	47,024 2,514 605
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Certs of Tito: dep. LC100,000) 2-2-2pp. Deposits withdrawn for ceah 1-4.pc. Certs of Tito: dep. under ±100,000 to 2-4.pp. Deposits withdrawn for ceah 1-4.pc. Ave. tender rate of decount on Oct 18, 5.5618;0c. ECSD fixed rate 58g. Subort Finance. M up day Sep 30, 1986. Agreed rate for period Oct 28, 1986 to Nov 25, 1989, Schemes II 8 - 7.08pc. Preference rate for period Aug 31, 1986 to Sep 30, 1986. Schemes IV & V 5.848pc. Phance House Base Rate Spc Inom Oct 1, 1986	UK dearing) bank bas	e lending s	Up to 1	1-3	3-6	6-9	9-12 months
and a series of the series of	Certs of Text Ave. tender up day Sep 7 Oline. Refe	dep. under rate of disca 30, 1986. A	£100,000 to ount on Oct greed rate for ter period Au	2 ¹ 2 2 ¹ 2pc. Dep 18, 5.5618p or period Oc p; 31, 1986	5 ¹ 2 ceits withdra a. ECSD fix t 28, 1996 to to Sep 30, 1	5 ann for cent and rate Stig.	14pc. Seport Pine	43, mos. Muke so 7 8 M ,849pc.
THREE MONTH STEPLING FUTURES (LIFFE) 2500,000 points of 100%		MONTH	STERLIN	g FUTUR	es (LIFFE)	2500,000		

	Ореп	Sett price		High	Low		Open in
Dec	93.94	93.91	-0.02	93.94	93.90	8809	95208
Mar	93.75	93.73	-0.02	93.77	93.70	18202	93284
Jun	93.44	93.41	-0.09	93.47	93.38	20817	90077
Sep	93.18	93.13	-0.04	93.19	93,10	11677	53428
			-0.05	92.98	92.88	8922	43278
	92.97 ton APT. A		est figs, are	for previous	us day.	£ 10096	
Niso trade	92.97 t on APT. A T STERLE	Open Inter	est figs. are	for previous	us day.	100%	
Also trade	t on APT. A	Open Inter	HES (LIFFE	for previous 2500,00	us day. O points a	PUTS -	
Niso trader	t on APT. A	Open Inter	HES (LIFFE	for previous 9 2500,00	us day. O points o Dec	Mar	Jun
Niso tracie SHOR Strike Price	T STERLE	Open Inter	HAS (LIFFE	2500,00 un	Dec 0.04	Mar 0,20	D.49
Also tracies EL SHOR Strikey	t on APT. A	NG OPTIC	HES (LIFFE	2500,00 un 15	us day. O points o Dec	Mar	

BASE LENDING RATES							
Adam & Company S.7 Allied Trust Bank (GB) S.7 Allied Trust Bank (GB) S.7 Allied Trust Bank S.7 Benk of Barota S.7 Bank of Darota S.7 Bank of Cypns S.7 Bank of Leasnd S.7 Bank of India S.7 Bank of Scotland S.7 Bank of Mid East S.7 Chrosopher S.7							

Counts & Co

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steril	MO FUTU	IRES (IMI	M) 262,5	2 raq 00			
Dec	1.5958	1,5922	-0.004	2 1,592	2 1.5892		55,834
Mer	-	1.5968	-	-	1.5880		275
Jun	-	1.5920	-	-	1.5880	200	102
ems e	UROP	EAN C	URRE	NCY	UNIT R	ATES	
Oct 24	Ecu c		ete	Change	% +/- fro		ead Div.
	rate		nst Ecu	on day	cen. rei		
Portugui	195.7		3.959	-0.17: +0.00255		2.2 2.2	
treland Finland	0.7922 5.808		85082 · 77067	+0.000		1.9	
Spain	162.4	93 16	31,950	-0.11	-0.33	1.6	
Belgium	39.39		9.3960 91007	-0.2099 -0.01243		1,3 1,3	
Germany Denmark	1.910 7.285		28580	-0.0824		1.3	Ď -0
Netherlark	ds 2.152	14 2.	15643	-0.00046	0.20	1.10	
Austria	13.43		3.5255 48948	-0.000 -0.01379		9.0 0.0	
France	6.406	NUS 0.	40340	-0.01371	1.30	0.0	
MON EFFM							
Greace	292.6 2106.		71.433 32.33	+0.259 +2.00	2.92 -8.25	-1.50 10.4	
Hady UK	2106. 0,7886			+0.00281		0.4	
Ecu control re	tes set by the	European (ommesic	n. Currencies	are in descer	ading relative s	grangiji.
percenage ca between two	giologica and in or our me	berceulsico c L FICAL SI bala	Metauce :	etwier the	ncing unaper	and Ecu centr	hows the ratio of ratios for a from by Ecu
cumency, and control inte.	All Mangarum	u bermpred i	percenta ge	devision o	the currency:	HIGHWAY 1300 T	
117/0/92N Store	ing and hain DELIMITA	n Ling suspen SE 2/5 0	PTICKS	EFWL Adjus 5231,250	(cents per		nçasi Timas,
Strike Price	Nov		<u>۔۔۔۔ عب</u>	Jan	Nov	· PUTS	.ban
1.570	2.81			-	0.06	0.34	0,62
1,580	2.01	2.5	34	2.57	0.22	0.59	0,92
1,590	1.30	1.7	70	202	0.55	1.01 1.53	1,31 1, <i>8</i> 0
1,600	0.74			1.50 1.09	1.58	2.02	2.38
1 816	0.37	n				2.42	eau.
1,610 Previous day	0.37 o vol., Calls	0.7 13,164 Put	to 5,128 .	Prov. dey's		±s 149,949 F	
Previous day	/a vol., Calls	13,164 Pu	5,128 .	Prov. day's	open int., Cr	45, 149,949 F	
Previous day	/a vol., Calls	13,164 Pu	5,128 .	Prov. dey's MM) \$1m	open int., Co points of 1	149,949 F	*vita 138,730
Previous day	/s vol., Calls MICHTH Open	13,164 Pur EURODO Latest	5,128 .	Prev. dey's MM} \$1m e High	open int., Cr points of 1 Low	149,949 F 00% Est. vol	Open int.
a Three	Open 94,38	13,164 Pur EURODO Latest 94.38	to 5,128 .	Prov. dey's MM) \$1m e High 94,35	points of 1 Low 94.37	149,949 F 00% Est. vol 39,064	Open int. 461,375
Previous day THREE Dec Mar	/s vol., Calls MICHTH Open	13,164 Pur EURODO Latest	to 5,128 .	Prev. dey's MM} \$1m e High	points of 1 Low 94.37 94.28	149,949 F 00% Est. vol	Open int.
Previous day IL THERESE Dec Mar Jun	Open 94.38 94.30 94.15	13,164 Pur EURODO Latest 94.38 94.29 94.13	the 5,128 . LLAR (III Change -0.01	Prov. dey/s MM) \$1m e High 94.35 94.31	points of 1 Low 94.37 94.26 94.13	149,948 F 00% Est. vol. 39,064 48,943	Open int. 461,375 374,492
Previous day IL THERESE Dec Mar Jun	Open 94.38 94.30 94.15	13,164 Pur EURODO Latest 94,38 94,29 94,13	the 5,128 . LLAR (III Change -0.01	Prov. day's MM) \$1m e High 94.33 94.31	points of 1 Low 94.37 94.28 94.13	0096 Est. vol. 39,064 48,943 31,464	Open int. 461,375 374,492 274,087
Previous day BL THRESS Dec Mer Jun BLUS 1786	Open 94.38 94.30 94.15	13,164 Pur EURODO Latest 94.38 94.29 94.13 BSL FUTT	Chang	Prov. day's MM) \$1m e High 94.33 94.31 MM) \$1m	points of 1 Low 94.37 94.28 94.13 per 100%	00% Est. vol. 39,064 48,943 31,464	Open int. 461,375 374,492 274,087
Previous day In Threese Dec Mar Lun In US TRO Dec Mar	Open 94.38 94.30 94.15	13,164 Pur EURODO Latest 94,38 94,29 94,13	the 5,128 . LLAR (III Change -0.01	Prov. day's MM) \$1m e High 94.33 94.31	points of 1 Low 94.37 94.28 94.13 per 100%	0096 Est. vol. 39,064 48,943 31,464	Open int. 461,375 374,492 274,087
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Previous day In Thereis Dec Mar Jun All Open Intel Strike Price	A vol., Cale I MONTH Open 94,38 94,39 94,15 EASURY 8 94,95 94,81 arrest figs. ar Nov	13,164 Pur EURODO Latest 94,29 94,13 84,13 84,13 94,81 94,81 94,81 94,85 re lor previr TIONS (LI	Chang Chang -0.01 +0.01 +0.01 Lises day	Prev. dey's MMA) \$1m e High 94.36 94.31 94.91 94.91 94.91 MMA Mar	points of 1 Low 94.37 94.26 94.13 per 100% 94.94 94.81 94.64	00% Est. vol. 39,064 48,943 31,464 106 104 47	Open int. 461,375 374,492 274,087 3,974 1,884 1,341
Previous day In Therese Dec Mar Jun As Open has Strike Price 9675	/s vol., Calini MORTH Open 94.38 94.30 94.15 EASURY # 94.95 94.81 arest 6gs. as AARM. OP 2.09 0	13,164 Pur EURODO Latest 94,39 94,13 94,81	LLAR (III Chang -0.01 UNES (III +0.01 ous day FFE) DM	Prev. dey's MM) \$1m e Hugh 94.35 94.11 MM) \$1m 94.96 11m points Mar Mar 0.015 (0.05)	open st., Cr points of 1 Low 94.37 94.28 94.13 per 100% 1 94.94 1 94.64 1 of 100% Nov De 1.02 0.0	00% Est. vol. 39,064 48,943 31,464 106 104 47 PUTS C Jan 3 0.07	Open Int. 461,375 374,492 274,087 3,974 1,884 1,341 Mar 0,11 0,26
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Previous day But Therefore Lun Dec Mar Lun Dec Mar Jun Bus Trai Bus T	/s vol., Cala I MONTH Open 94.38 94.30 94.15 94.95 94.81 94.81 Nov 2.09 0 0 0 0 0 0 0 0 0 0 0 0 0	13,164 Pur BURRONO Latest 94,38 94,29 94,13 884_L FUTT 94,81	-0.01 Chang Chang -0.01 HUMES fill +0.01 Out day FFFE) DM LLS Jon Jon Jon Jon Jon Jon Jon Jo	Prev. dey's MM) \$1m e Hugh 94.33 94.11 MM) \$1m 94.94 0.05 0.05 0.01	open st., Care points of 10 Low 94.37 94.28 94.13 94.13 94.64 of 100% De LOV DE	143,949 F	Open Int. 461,375 374,492 274,087 3,974 1,884 1,341 May 0,11 0,26 0,47
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N.V./S.A. L.R.M.

(Limburgse Reconversiemaatschappii)

a 100% subsidiary of the Flemish Region

Invitation to Tender for a Significant Shareholding in

N.V./S.A. L.P.M.

(Limburgse Participatie Maatschappij)

a 100% subsidiary of L.R.M.

L.R.M. has decided to sell a substantial shareholding in L.P.M.

Pursuant thereto, L.R.M. has mandated Generale Bank to assist in this sale. In accordance with article 3, 1° of the Royal Decree of January 9, 1991 concerning the public nature of operations to collect

savings, this invitation will not be a public operation. L.P.M. is currently the regional investment company for the province of Limburg. It has a diversified portfolio of shareholdings in

companies operating in various sectors such as construction, food, transport, printing, furnishing, recycling and services.

Procedure and timetable

First stage

2.532 1,361 1.546 0.522 1.278

112.8 100. 142.1

Est vol Open int.

This first stage aims to select a limited number of candidates, this selection will be based on the expressions of interest received by Generale Bank at the latest by December 9, 1996, such interest being based on the sale memorandum that will be sent to them on first request and after they have signed a confidentiality undertaking and paid BEF 500,000 (to the account n° 210-0650025-80).

These letters of interest should contain, as a minimum, the following items: a detailed description of the identity of the candidate (a.o. registered office, shareholdership, etc) and of any parties with whom it is acting jointly, with a detailed description of the main lines of their cooperation agreement; supporting documents to the effect that the candidate and any parties with whom it is acting jointly meet the selection onteria, as indicated below;

their assessment of the value of L.P.M. and/or the criteria and method(s) that will be applied to assess and determine the price; the extent of the shareholding in LPM, tendered for by the candidate or those parties with whom it is acting jointly (minority or majority stake, 100% acquisition) whereby the minimum shareholding tendered for will

amount to at least BEF 500,000,000; the manner in which the candidate will finance the cash payment of the price for the shareholding tendered for: the proposed timing for the closing of the operation;

any other conditions of the tender (e.g. audit, due diligence, warranties,

These expressions of interest from the candidates must be sent by ered mail or against receipt (with date and time of delivery) to: Generale Bank Corporate & Investment Banking

Montagne du Parc. 3 1000 Brussels Attention of Mr F. Vanderhoydonck, Director. Tel.: 322.565.36.57 Fax:322.565,42.84

They must be delivered to Generale Bank at the latest by December 9. 1996 belone 5.00 p.m.

Selection criteria for admission to the second stage

Selection for the second stage, provided that there will be one, will be based on the following criteria:

- the assessment of L.P.M. as indicated in the aloresaid expression of interest, together with an indication of the assessment methods and of any other items that are deemed to be of importance for this

assessment and that will be used by the candidate and those parties

with whom it is acting jointly to determine the final price, whereby those

candidates using a method or methods and items that will result in a essment and determination of the price, will prevail; the extend of the shareholding tendered for whereby the candidates, acting alone or jointly with other parties requiring a majority stake, will

being a financial investor capable of further developping L.P.M. as a

going concern; an indication of the way the cash of L.P.M. will be assessed, with an

indication of its possible use: the investor's long-term stratecy to suport L.P.M.'s various

participations with a view to luture growth; the interest shown by the candidate to satequard the regional

investment focus of L.P.M., a.o. when expanding the activities.

The candidates will have to prove that they have sufficient financial

resources in order to ensure cash payment of the acquisition price. Intermediaries, trustees and individuals are excluded, except when they

act jointly with a financial investor. Generale Bank will inform the candidates of the results of the first stage of

this selection and hence of their admission to the second stage, if this second stage takes place, at the latest by December 12,1996.

During the second stage, if it is decided to proceed with a second stage, the candidates that were selected after the first stage will be invited to submit a final and binding offer to acquire the shares

The selected candidates will have access to a data room in which the relevant documents for this transaction will be available to them.

More details about this procedure will be made available to the selected candidates in due course; however, candidates should note that the second stage may stan immediately. Candidates should make the necessary arrangements to implement all the practical measures entailed by the second stage.

The seller reserves the right to stop this procedure or to modify the conditions thereof at any time and without further justification.

More red

faces over

Kazakh

gold deal

By Kenneth Gooding,

Mining Correspondent

The Kazakhstan govern-

ment's embarrassment

about Vasilkovskoye, one of

the world's biggest gold

deposits, deepened yester-

day after a senior official

claimed that Teck Corpora-

tion and another Canadian

company, First Dynasty, had

for the second time been

given the right to develop

the project and had signed a

Mr Sarybai Kalmurzayev,

chairman of the State Prop-

erty Committee, also told

the Renter news agency that

Teck had paid \$7.5m dam-

ages and collateral of \$5m.

He said the estimated cost of

developing Vasilkovskoye,

which has reserves of 6.5m

troy ounces, had risen from

\$85m to \$92.5m

preliminary agreement.

COMMODITIES AND AGRICULTURE

China seeks to quell fears on grain needs

By Sophie Roell in Beijing

China yesterday said it could maintain basic self-suffiinternational fears that the world markets, Reuter country will be heavily dependent on imports next population.

A policy paper sought to contradict warnings raised about China's grain needs group. It said there was "no basis to the international threat' in food supply".

China's statistical bureau this week issued the most optimistic forecast yet for the 1996 grain harvest. It predicted "record" output of 480m tonnes - up 15m tonnes from 1995.

Estimating China's grain needs for the next century, the paper said demand would rise to 550m tonnes by 2010, and 640m tonnes by 2030. It said imports would be required to cover less than 5 per cent of the increased demand.

The paper cited a number of reasons why domestic output could be raised further including low yields per bectare of arable land, and unnecessary losses before crops reached end-users.

In Beijing, diplomats were cautious about China's prospects of meeting its goal of self-sufficiency. But one observer said he was "encouraged" by the attention the government was now devoting to develop-

ment of agriculture. He said there had been a shift in resources to the agricultural sector and the policy paper says investment in agriculture will be stepped up further.

The European Union yesterday nearly doubled subsidies for wheat exports. ciency in grain, dismissing to keep pace with falling

reports from Paris.

Grain exporters said the century to feed its growing EU had awarded wheat export subsidies of up to Ecu13 a tonne for 290,000 tonnes of wheat, reaching double figures for the first most notably by Mr Lester time this season and raising Brown, of the Worldwatch market competition another environmental research notch. The subsidy is higher than the Ecu12 a tonne of aid the EU offered for clamour about a 'China Africa's poorest states just a

> China is also trying to channel more foreign funds into the sector. "The scale of foreign investment for agriculture should be expanded, and preferential treatment provided for such investment especially in grain production," the paper said.

> also raised the official procurement price for grains by 20 per cent. Although this now affects only about 10 per cent of

This year the government

farmers' output, it was an important signal of the government's intention to boost incentives for farmers. One analyst said the biggest contribution China

could make to the world grain market was greater openness about its grain balance. He said he was disappointed that after being able to export 8m tonnes of corn in 1994, it had to import 5m tonnes in 1995.

China had been unwilling to give any indication of its 1996 needs to other producing countries. Western trade officials were told by Chinese authorities that the forecast demand for 1996 was a state secret.

Vietnam increases rice export quota

By Jeremy Grant in Ho Chi Minh City

Vietnam's trade ministry has raised this year's rice export quota from 2.5m tonnes to 3m tonnes, in an apparent attempt to increase revenues from agricultural exports and stem a ballooning trade deficit.

Traders said that the move was likely to depress already low Vietnamese rice prices.

"It's not a very buoyant market," said one foreign commodities analyst based in Ho Chi Minh City. "By telling everyone they've got more rice out there, they're just going to push the price down.

However, recent severe flooding in the Mekong delta, Vietnam's main producing area, was causing delivery delays and patchy price rises locally, traders said. Five per cent broken rice

was quoted at between \$275 and \$280 a tonne free on board at Saigon port, with 10 per cent grade around \$10 a tonne lower. A week ago, 5 per cent broken was trading at about \$270 a tonne.

about 2m tonnes of rice abroad, making it the fourthlargest exporter in the world, after the US, India and Thailand.

Hanoi's move came as a Washington-based think- more, but the current export system to which about 15 tank said the communist- and quota policy is really state-owned companies have

MARKETS REPORT

and Kenneth Gooding

By Deborah Hargreaves

North Sea oil prices lost

20 cents yesterday, continu-

ing their recent slide, but

analysts are divided about

whether the market has

launched into a downtrend.

Brent crude for December

delivery slipped to \$23.85 a

barrel, with December

futures on West Texas Inter-

mediate down 36 cents in

midsession to \$24.50 a barrel

Production boost: in pressing length relds were told yesterday, Susanna Voyle write. That rice production is projected to grow Incla's rice production may rise by 21per world be able to .ma slowly to 21.01m tonnes in 2001, against cent in five to seven years, from the current icy in rice, in spite of pre 20 43m formes in 1997, two expe 87m tonnes, according to a report from A will become a new importer account 2000. Distinguishe were told that account progress and efficient terminal matter. MC's international business division. Bangkok's Agriculture Department said. "Scope exists for increasing India rice Hectarage planted to rice will drop to 9.26m hecteres in 2001, compared with 9.33m hecteres in 1997. But yield per hectere production to about 96m tormes," it said. should help Jakarta stave off imports. The Output could be raised by maximising use of technology to enable tempers in hectages of acidic lend in central yields through better hybrid seeds or more should rise to 2.27 tonnes from 2.19 tonner intensive irrigation, it added. Rising. "That farmers are in need of new rice Kalimantan, and declining constantion by population and income levels will boost increasingly prosperous indonesia: verleties with multiple resistance, combine with high grain quality," the experts said in their report. They added that disease and domestic demand by 3 per cent annually, and rice consumption in India may rise to resources and advanced technologies. will keep indonesia self-sufficient in lice? a ministry official seld. between 90m and 95m tonnes in five to seven years and to 110m tonnes in 10 to insects were the main barriers to higher vields.

Vietnam last year sold ruled country could double preventing them from doing access. Private trading is quota policy, which it said was strangling production and creating disincentives

for farmers.

Brent has now lost more

than \$1 a barrel since the

beginning of the week. Mr

Geoff Pyne of UBS in Lon-

don believes traders are

using the stronger stock fig-

ures for heating oil released

this week in the US as a

chance to take profits in oils.

changed in this market:

there is still a desperate

shortage of heating oil

stocks," said Mr Pyne. He

believes prices will waver at

"Nothing fundamental has

Exchange.

exports if it liberalised its so," said Mr Francesco Goletti, research fellow at the International Food Policy Research Institute.

Vietnam restricts access to "They could export much exports through a licensing

on the New York Mercantile current levels or drift down a tonne level in late trading

On the other hand, Mr

unless there is a cold snap.

Lindsay Horn of Lehman

Brothers believes oil has bro-

ken out of the uptrend it has

been in since the beginning of August. "It does look as if

it's breaking down a bit, but

I don't see a complete price

Exchange, copper and alu-

minium prices continued to

climb. Copper for three

months delivery broke

through the important \$2,000

On the London Metal

collapse coming," he said.

North Sea oil continues recent slide

therefore restricted.

The domestic price is lower than the international, a differential which state companies exploit in effect imposing a tax on the indus-

nine months of the year.

for the first time in seven

weeks. Three-month alumin-

ium brushed aside technical

resistance at \$1,420 to reach

The Anthony Bird Associ-

ates consultancy said alu-

minium prices had over-re-

acted to the industry's short

term over-supply and this

would make worse medium

and longer-term supply

shortages that would

lems will force themselves

"These medium-term prob-

threaten before long.

\$1,424, up \$19 a tonne.

icy strikes at the heart of Vietnam's growth prospects, as agriculture is the backbone of its economy. It offers one of the best prospects for export growth, needed to plug a trade deficit that reached \$3.25bn in the first

on the market's attention by

the end of 1997," Bird sug-

gests in its latest Aluminium

Analysis. "Accordingly, we

see a rise in metal prices to

about \$2.351 in 1998, followed

Liffe coffee futures prices

by a peak at \$2,828 by 1999.

slipped back following a

wave of selling by hedge

funds on the New York mar-

ket. The market lost \$39 a

Liffe March-Cocoa futures

broke out of their recent

range to end on a seven-

month low of £972 a tonne.

tonne to \$1,385 a tonne.

JOTTER PAD

However, in Vancouver, Mr John Taylor, Teck's chief financial officer, said that while his company had been negotiating for a second attempt at a Vasiikovskoye deal, it not yet heard from the government and was trying to obtain confirmation of the Reuter report. He insisted Teck had paid no

additional money. A consortium lead by Teck previously won a tender to develop Vasilkovskoye in June, but withdrew in August when the government could not provide guarantees on power costs. The Vasilkovskoye ore is difficult to process and milling it will require a great deal of power.

Vasilkovskoye has been degged by controversy. The government upset the EBRD by cancelling a tender the bank was organising last year and handed the project to Placer Dome, another Canadian group. Placer Dome withdrew but is still waiting for the return of its \$35m deposit.

> ATTENTO The rate and

And a Blood of the ing and a second

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

S ALLIMINITIM, 99.7 PURITY IS per to

M ALUMINIUM, S	PL LOWILL (S	ber roune)
	Cash	3 mths
Close	1391-92	1422-23
Previous	1371.5-72.5	1404-05
Hagh/low	1381.5	1429/1401
AM Official	1381-81.5	1412-12.5
Kerb close		1422-23
Open int.	220,025	
Total daily turnover	76,952	
ALUMINIUM AL	LOY (5 per to	nne)
Close	1257-62	1280-81
Previous	1243-48	1265-70
High/law		1280/1270
AM Official	1250-55	1272-73
Kerb close		1280-85
Open int.	5,773	
Total daily turnover	1,535	
LEAD (\$ per ton	nei	
Clase	730-31	737.5-38.0
Previous	728-9	737-8
High/low		742/733
AM Official	726-27	732-33
Kerb clase		736-37
Open int.	40,891	
Total daily turnover	11,254	
NICKEL (5 per t	onne)	
Close	7110-20	7220-30
Previous	7070-80	7180-90
High/low	7080/7075	7240/7180
AM Official	7075-80	7180-85

	7 1 10 20	
Previous	7070-80	7180-90
High/low	7080/7075	7240/7180
AM Official	7075-80	7180-85
Kerb close		7220-25
Open Int.	43,890	
Total daily turnover	7,936	
TIN (\$ per tonne	}	
Close	5850-60	6005-10
Close Previous	5850-60 5945-50	6005-10 6000-05
Previous		
	5945-50	6000-05
Previous High/low	5945-50 5930/5925	6000-05 6010/5980
Previous High/low AM Official Kerb close	5945-50 5930/5925	6000-05 6010/5980 5980-85
Previous High/low AM Official	5945-50 5930/5925 5920-25	6000-05 6010/5980 5980-85

Total daily turnover	2,572	
E ZINC, special h	igh grade (\$ p	er tonne)
Close	1001.5-02.5	1027-28
Previous	1000-01	1026-27
High/low	988.5	1032/1023
AM Official	998.5-99.0	1023.5-24.5
Kerb close		1027-28
Open Int.	69,884	
Total daily turnover	13,892	
E COPPER, grade	A (S per tonn	ma)
Close	2028-29	1994-95
Previous	1998-2000	1968-68
High/low	1998/1997	1997/1969
AM Official	1998-99	1972-73
Kerb close		1992-93
Open int.	197,712	
Total daily turnover	72,888	
LME AM Officia LME Closing &		

593 2,047 355 2,315 99.10 +2.20 99.10 96.50 95.55 +1.95 95.55 93.70 94.95 +2.00 95.00 92.50 93.65 +1.50 93.00 93.00 8,064 22,334 30 1,422 22 965

Sport, 1,5922, 3 matrics, 1,5904, 6 matrix, 1,5888, 9 matrix, 1,5868

HIGH GRADE COPPER (COMEX)

PRECIOUS METALS H LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold(Troy oz)		equity SFT equity
Close	382 90-383 30	
Opening	383.90-384.30	
Morning for	383,70 24	0.459 480.468
Afternoon fix	383,00 24	0.427 481.316
	383.90-384.30	••••
DOJ 0		
	382,70-383.10	
Previous close		
Laco Lda Mes	n Gold Lending	Rates (Vs USS)
1 month	3.71 6 mon	ths3.56
1 iliania	3.66 12 mo	oths 3.61
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
3 months		_
Sever Fix	b/tray of	US ets equiv.
	p/tray 62 312.8\$	498.40
Spot		
Spot 3 months	312.65 317,20	498.40
Spot 3 months 6 months	312.65 317.20 321.50	498.40 504.75 511.00
Spot 3 months 6 months 1 year	312.65 317.20 321.50 330.60	498.40 504.75 511.00 523.90
Spot 3 months 6 months 1 year Gold Coins	312.65 317.20 321.50 330.60 \$ price	498.40 504.75 511.00 523.90 £ equiv.
Spot 3 months 6 months 1 year	312.65 317.20 321.50 330.60	498.40 504.75 511.00 523.90 £ equiv. 239-41

Precious Metals continued ■ GOLD COMEX (100 Tray az.: S/tray az.)

						<u> </u>
	Şett	Day's				Орек
	price	change	High	low	Vol	lat
Oct	383.1	-1.0	383.5		11	
Dec	384.9	-1.8	385.9		10,535	
Feb	387.1	-1.0	388.1	386.8		17,0
Apr	389.3	-1.0	389.7	388.7		10,5
Jen	391.7 394.2	-1.0 -1.0	392.6	391.4		11,0
Ang Total	334.2	-1.0	-	-	11,463	
	NUNITA	NYME	X (50 '	Troy o	-	-
Oct	388.1	-21			3	
Jan	389.B	-21	393.5	389.2	1.753	
Aor	392.4	-21	394.5	392.5	32	7,7
Jed	395.4	-21	_	394.0	33	9
Oct	398.9	-2.1	-	-	_	:
Total					1,785	27,9
E PA	LADiU	M NYM	EX (100	Troy o	12.; \$/tr	Oy OZ
Gec	119.00	-1.00	120.00	118.00	339	7,5
Mar	120.10			120.00	20	2
Jun	121.15	-0.90	-	_	-	11
Total					340	7,9
	NES CO	MEX (5,0	000 Tro	y oz: C	מן/פור:	(02)
Oct	489.3	-6.7	491,0	489.0	13	
Dec	491 B	-7.0	500,0	489.0	6,596	
Jan .	493.B	-7.0		498.0	_ 5	. 2
Mar	498.8	-7.0		496.5		12,98
May	503.4	-7.0			39 43	6,56 5.03
Jul Total	508.0	-7.0	509.0	307.14	6.978	
1023					4,010	444
ENF	RGY	•				
E CR	UDE O	L NYMI	EX (1,0	00 ban	rets. \$/	barre
	Latest					Oped
		change	High	Low	Yol	int.
Dec	24.66	-0.20	24.90	24.37	44.906	100
Jan	24.25	-0.20	24.55	24.00	16,181	53,52
Feb	23.83	-0.09	23.92		6,243	
Mar	23.37	-0.02	23.40			
Apr	22.80		22.88		14,416	
May	22,43	+0.03	22.43	22.22	637	
Total				_	65,740 :	كبهود
	DE OF	<u> </u>	/Darre	<u> </u>		
	Latest					Oper
		change			Vol	int
Dec		-0.01			18,467	
Jan .	23.47	+0.06	23.48	23.11	8,311	37,57

	LEURI	Day's				Opes
	price	change	High	LOW	Yol	int
Dec	24.06	-0.01	24,07	23.65	18,487	74,379
Jan	23,47	+0.06	23.48	23.11	8,311	37,571
Feb	22.80	-0.04	22.80	22.55		22,892
Mari	22.26	+0.07	22.26	21.93		26,315
Apr	21.70	+0.14	21.70	21.38	1,463	9,431
May	20.92	-0.11	20.97	20.92	148	3,813
Total					38,160	148,755
EL HEA	TING	DIL NYM	EX (42,0	00 US g	alis; cil	S gedle.)
	I sdact	Day's	_			Opes
		cutade pala	liigh	Low	Yol	
Nov			High 71.40		Vol 20,742	Ínt
Nov Dec	price	cutade	_	68.90		int 28,377
	price 70.65	change -0.31	71.40	68.90 69.05	20,742	int 28,377 35,726
Dec	70.65 70.50	-0.31 -0.38	71.40 71,35	68.90 69.05	20,742 20,277 11,541 5,116	int 28,377 35,726 28,870 14,068
Dec Jan	70.65 70.50 70.65	-0.31 -0.38 -0.07	71,40 71,35 70,80	68.90 69.05 68.80	20,742 20,277 11,541 5,116	int 28,377 35,726 28,870
Dec Jan Feb Mar Apr	70.65 70.50 70.65 89.10	-0.31 -0.38 +0.07 -0.08	71.40 71.35 70.80 89.50	68.90 69.05 68.80 67.80	20,742 20,277 11,541 5,116 619 305	int 28,377 35,726 28,870 14,068 9,120 5,040
Dec Jan Feb Mar	70.65 70.65 70.65 70.65 69.10 66.75	-0.31 -0.38 +0.07 -0.08 +0.42	71.40 71.35 70.80 89.50 86.75	68.90 69.05 68.80 67.80 64.80	20,742 20,277 11,541 5,116 619 305	28,377 35,726 28,870 14,068 9,120
Dec Jan Feb Mar Apr	70.65 70.50 70.65 89.10 66.75 62.80	-0.31 -0.38 +0.07 -0.08 +0.42 +0.22	71,40 71,35 70,80 89,50 86,75 62,60	68.90 69.05 68.80 67.80 64.80	20,742 20,277 11,541 5,116 619 305	int 28,377 35,726 28,870 14,068 9,120 5,040

194.00 -0.25 194.00 188.50 1,743 4,261 29,730 97,347 2.485 -0.090 2.570 2.480 3 2.515 -0.061 2.685 2.585 2.620 -0.070 2.685 2.600 2,480 32,200 22,926 2.615 -0.061 2.620 -0.070 10,886 34,538 4,054 21,666 2.485 -0.068 2.553 2.475 2.330 -0.100 2.390 2.320 1,549 12,185 821 9,004 397 5,142

224.25 -1.50 224.50 219.50 14,281 27,540 219.50 -1.75 219.50 215.00 7,288 23,562

215.00 -1.50 215.00 211.00 2,777 18,578 209.25 -0.75 209.25 204.00 1,586 6,501 202.75 +0.50 202.75 196.25 2,650 5,292

88.85 +0.69 59.60 67.45 10,226 19,825 66.75 +0.02 67.50 85.70 7,299 21,178 85.60 -0.02 55.90 64.75 2,582 11,329 829 4,045 251 2,166 494 2,440 65.30 +0.05 65.50 64.90 67.60 - 67.75 -494 2,440 21,731 63,227 GRAINS AND OIL SEEDS M WHEAT LIFFE (E per torme)

	Sett	Day's		_		Open
	-	cpanic		Low	Yol	int
Man	98,35	+0.75	98.60	98.00	92	538
Jen Max	100.10 101.20		100.50 101.80	99.95	118 174	2,307 1,817
May	102.70			102.50	68	1,394
 ,	104.00	+0.50	-	0	_	168
Nov	97 25	_	97.00	97.00	3	136
Total					452	6,354
	HEAT CE	_				
Dec	384.00			382.00	8,303 2,682	35,324
Har Hay	380.00 365.25	-11 -7.76	373.00	379.00	269	15,747 1,948
Jel	353.25	4.75	358.50	353.00	797	9,999
Sep	356,50	-5.5	361 50	353.00 359.00	59	276
Dec	364,50	-1.5	366.00	366.00	10	165
Total		- ~ ~~			13,053	63,511
_	VZE CB					
Dec	278.00		283.00 288.50		36.9641	43,451 83,926
Mar May	282,25 287,50		200.3U 293.25		5,327	39,216
,	289,00		295.75		3,559	30,621
Seep	281,25	-4.75	285.50	280.50	156	3,288
Dec	278.75	-3.75	282.00	278.50	2,658 57,963 :	23,844
Total	RLEY LI	CEE 10	nor to	ane)	21,493	واجرهم
		_	_	_	48	549
Hov Jan	93.75 95.50	+0.25 +0.25	94.00 95.75	94,00 95,75	48 10	549 806
Mar	97.00	+0.25	97.50	97.00	17	198
May	98.50	+0.25	98.50	98.25	10	100
Sep	93.00	~	-	-		1
Total	YABEAN	JE PRT	æ 000h	min co	75 ato/800a 1	1,579 heatain
				695.00		
Nov Jan	696.50 696.75		707.00 706.75			61,776 49,389
Mar	700.50	-5	711.00	699.5 0		29,812
May	701. 5 0	-6	712.00	700.00	1,711	15,792
44	702 <u>.2</u> 5 700.00		713.50 710.50		2,805 63	14,447 1,439
Aug Total	700.00	-0	<i>i</i> 10.30		65,412 1	
	YABEAN	OIL (CBT (6	0,00016	s: cent	s/lb)
0el	22.75	-0.16	23.00	22,72	683	113
Dec	23.26	-0.27	23.89	23.20		49,103
Jan	23.53	-0.26	23.93	23.50	4,322	17,021
Mar May	23.85 24.11	-0.27 -0.27	24.30	23.83 24.10	772 363	17,201 9,433
anay Jar	24.35	-0.3	24.50 24.75	24.30	395	4.044
Total					18,249 1	00,298
E 80	YABEAN	MEA	L CET	(100 to	ns; \$/1	on)
Qct .	231.0	+1.3	235.5	228.5	586	505
Dec	227 <i>.2</i> 223.4	-1 -1.2	230.7	227.0 223.2	11,615 2,900	44,166
Jap War	219.9	-1.7	226.8 223.5	219.7		9,132 17,252
May	217.9	-1.3	221.5	217.7	1,048	9,197
7ml	218.1	-1.1	221.0	218.0	964	5,138
Total	TATOES	: 1 1655	(£/ton		19,751	87,486
$\overline{}$	32.5		μοωι	100		_
Nov Mar	32.5 69.0	+1.3	_	_	=	2
Apr	71.0	+2.0	71.0	70.0	80	1.361
Apr May	80.0	+2.0	-	-	-	17
Jun Yotul	90.0	+2.0	-	-	- 80	1,380
	EIGHT (E	NEFEY	LIPPE	(\$10/k		-
Oct	1270	-1	1300	1284	32	729
Mor	1340	~1 ~5	1375	1345	32 147	129 609
Dec	1325	-7	1360	1325	70	315
Jan	1305	-10	1345	1306	101	1,898
Apr	1320	-10	1350	1315	30	649

All futures data supplied by CMS.

1150

with merinos a little dearer, crossbreds only steady, and no clear signs yet of a positive upward trend. The decline early in ber ran its course within days, but followed by cautiously developing gth rather than the sharp upturn which often follows signs of firmness in the wool market. The main market indicator man-aged a gain of only 2% by early this weak. Further increases applied, but again noth-ing dramatic. The Easten market indicator and the same week at 575 barns a kg.

11 cents more than last week's closing 554
cents. The Western market indicator
reached 535 cents, compared with 525 a
week before. New Zealand merino wool
sold at firmer prices this week but crossbreds there falled to register an increase. MEAT AND LIVESTOCK

= CO		FIFE (E/	tonne)					VE CAT	TLE C	ME (40,	000bs;	cents	/lbs)
		Day's change	:Sot	Low	· Yol	Open			Day's		Low	Yel .	Opes
Dec	943		-			28.347	Oct				72.800		
Mar	972	-17				41,799	Dec				55.700		
May	987	7 -15	998	987	1,178	17,540	Feb	63.075	-0.05	63.300	63.000	2,770	18,17
ألحا	1001	1 –15	1011	1001	227	11,772	Apr				64.875		
ies	1015	-16	1029	1016	713	4,477	Jen				62,900		
lec	1026	i –16	1035	1033	50	4,398	Aug	82.52 5	-0.2	62,850	<i>52.600</i>		
otal					5,292	132,011	Total					16,023	86, 0
1 000	20A C	SCE (10	tonne	s; \$ <u>/1</u> 0r	nnes)			VE HOG	SCME	(40,00	Olibs; ce	nts/lb	s)
ec -	1362	2 –21	1378	1382	2,510	28,741	Oct	54.900	-0.225	55,300	53.725	593	4
ar	1390	18 –18	1404	1389	1,368	23,430	Σec	52,025	-0.35	52,550	51.625	8,268	15,54
27	1405	-18	1418	1405	146	9,108		71.700					
Ĩ	1420	-20	1433	1420	115	6,469		68.225					2,9
1	1435		1445		100	5,790		73.375					
C	1454	i —19	1465	1465			اول	71.250	-0.3	71.650	70.700		
7					4,754	81,234	Total					13,541	
COX	XOA (IC	(SOC)	DR's/tc	Mus)					- -				31,66
± 23			Pi	ics _		Tev. day	E PC	AK BE	LIES (CME (4	0,0000	s; cen	ts/ibs
dy			1035.	51		1034.99	Feb				66.850		
							Mar				65.800		
COF	FREE LI	FFE (\$/	tonne)				May				68.350		
		_					366				68.400		
•	1510		1537			7,532	Aug	68.175	+0.375	68.000	68,000		
1	1384 1328		1416			15,757 7.672	Total					1,896	6,04
M R	1308		1359 1338			2,989							
,	1308						1.0	NDON	J TO		D ()		ANIC
, D	1308												
par .	1300	, – ,,	1333	1010		34,45B	Strille	price :	\$ tonn	• C	alls	Pi	:12
	EEE 47	" CSCE	07.50	Village of			M AL	UMÉNIU	м				
				<u>_</u> _		<u> </u>	(99.79	6) LIME	-	Nov	Feb	Nov	Feb
E T		-1.85 -1.45									94	13	36
37 37		-7.45 -1.65									79	23	46
ay H		-1.85								14	66	38	57
9		-0.50				587	E C	OPPER					
E F		-0.30 -2.90						BA) LM			Feb	Nov	Feb
	101.23	-230	.41.23			27,39G					123	12	89
_	eee n	20) (US	Control		-	June 2					99	27	114
	· == (A	-U (US	-CB H3/	p-tru (U)							79	51	143
23	_					ray, day						Nov	Jen
xmp. de	ЩУ		, 101.	.41		100.21	1500			10	29	- 3	139

98.31

+0.5 318.5 318.2 193 8.126 +0.3 315.0 313.5 72 11,792 +0.3 314.6 313.5 65 4,361 +0.1 317.0 318.0 55 1,756 +0.2 311.3 309.9 40 1,000 SUGAR '11' CSCE (112,000fbs; cents/fbs) 10.56 +0.01 10.78 10.61 4.719 85.363 10.70 - 10.80 10.57 725 28,961 10.82 +0.01 10.70 10.61 454 18,822 10.52 - 10.59 10.51 339 10.52 10.56 - 10.65 10.53 101 3,784 10.52 - 10.45 10.46 55 654 ■ COTTON NYCE (50,000fbs; cents/fbs) 72.20 -0.88 73.00 71.90 3.587 25.993 73.70 -0.83 74.50 73.50 1,162 12.509 74.71 -0.74 75.45 74.40 861 7.850 75.35 -0.70 76.00 75.20 960 6315 75.89 -0.61 76.00 75.85 10 1.260 76.05 -0.25 76.25 75.85 30 4.436 ■ ORANGE JUICE NYCE (15,000fbs; certs/fbs) 110.00 +2.05 110.00 107.55 1.055 1 100.90 +1.75 101.50 99.00 1,908 1 103.40 +1.90 103.40 101.25 935 1 105.35 +1.75 105.40 103.60 238 107.45 +1.85 106.00 106.00 25 108.95 +1.85 107.50 107.50 —

Open Interest and Volume data shown to contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arreers. Volume & Open interest totals are for all tracked months.

103.40 +1.90 103.40 101.25 105.35 +1.75 105.40 103.60 107.45 +1.85 106.00 106.00

+1.85 107.50 107.50

INDICES Reuters (Base: 18/9/31 = 100) E CRB Futures (Base: 1967 = 100) ■ GSCI Spot (Base: 1970 = 100)

	5ett	Day's				Орек
				1,0w	Yoj .	id
	73.000	+0.225	73,000	72.800	3,114	2,590
,	65.800	-0.15	66.175	55.700	8,249	39,672
1	63.075	-0.05	63.300	63.000	2,770	18,175
	54,925	-0.15	85.175	64.875	905	11,788
	62,900	-02	63.175	62.900	562	5,221
	82,525	-0.2	62,850	62,600	302	5,761
					16,023	86,096
LN	E HOG	s CMF	40 000	libs: ce	nds/fibs	4
_						$\overline{}$
				53.725		414
:				51.625		
1	71.700	-0.63	72.350	71.150	3,164	7,821
	68.225	-0.47\$	68.850	<i>67.95</i> 0	705	2,984
	73.375	-0.025	73.7 5 0	72650	481	3,043
	71.250	-0.3	71.650	70.700	212	829
á				1	3,541	
						31,692
PO	RK BEL		ΜΕ (4 0),0000bs	; cent	s/lbs)
	68.100	+0.35	89.100	66.850	1.600	4.999
				65.800	216	506
,				68.350		356
'				68.400		
			68.000		30	48
	170					6.047
-					.,	ala 1-
			-			

3 35 84 139 182 227 1550

\$21,72-1.76x \$24.31-4.38 \$23.88-3.91 -0.320 -0.275

\$119-121 **5253-255** 19,40-9,60 +0.05 OTHER Gold (per troy cz). Silver (per troy cz). Platinum (per troy cz.) \$117.50 -1.2596.0c Copper Leed (US prod.) 45.00c 14.70r +0.05 Tin (New York) 277.50 97.75p 119.33p 94.85p Cattle (live weight) Sheep (live weight))
Pigs (live weight)) +3.46°. -1.53

Lon. day sugar (rew) Lon. day sugar (wte) Barley (Eng. feed) \$325.00 126,60 Wheat (US Dark North) Rubber (Nov)♥ Rubber (Dec)♥ Rubber (KL RSS No1) 81.75p 81.75p 310.0z +0.25 Coconut Oil (Phil)§ \$730.0v Palm Oil (Malay.)§ Copra (Phil)§ 527,5z \$459.0v 205.0 410p

CROSSWORD

No.9,208 Set by CINCINNUS

Fish isn't-cooked by poet...(8) Better to have ouistly dered one mile ahead (8)

12 Everlasting variety for Peter and Paul (9) 13 City in Florida found thanks to new map (5) Witnesses going back and forth (4)

16 The tipple of Appalachian tipplers? (7) 19 Six points held by a doctor or counsellor (7) 21 Unconstrained, getting about with Iron constraint

24 First three leaving London airport for a fling (5) 25 A top Zola novel about right for Gilbertian duke-dom (5-4) 27 God transported in a bus

28 Maiden confined by had sort of youth? (8)
29 More benevolent German children (6) 30 In action some died (8)

DOWN 1 Spare devil in heaven (6) constituent (2.4) 3 A garden ornament

4 Ways of approaching a goddess without middlen

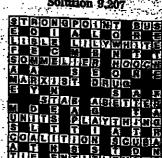
Not at all the most sagacious in any case (9)
7 A ruler needs to be about one metre for some soldiers 8. The beast that upsets a

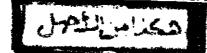
printer (8)

11 The name of a male charac ter (4) 15 Former list where amendments are made (9) Type of car with firm sup

port (8) Upset open vessel (8) 20 Rents for reprobates (4) 21 Father's nimble and delicate (7)
22 Powerful, being an officer

and a gentleman (6) 23 Change of diet that is foul Confused having left port . 26 behind? (2,3)





Oct 23 210.70

FRIDAY OCTOBERS

Mary Langue Com

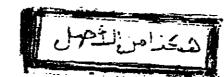
an 100 mm 100 m بورستعوات عا

-76.2 mg M. C. Prince المراجعة والمعارض نے ہے۔ دیا اولا اُ The second

F . : . . 3

国為 参系型

Property of the same of STATE OF THE STATE



faces on offshore Kazakh gold deal Walted Collections According to the same of the s Taylor line The second Jako Care 2. T. 10. 14 the late No. Section 2016 Bermen Band Bow SA. CLCI

Butther field Manangarment Co. List

Butther and Manangarment Co. List

Butther Capital Ann ST 6 04 18.05

Butther Daylor Ann ST 7 04

Butther Disk Bord ST 10.05

Butther Disk Bord ST 11.1612

Butther Market ST 11.1612

Butther Market ST 11.1612

Butther Market ST 11.1612 CROSSWORD

Canal Cons. Em Morroy & Communy French Standing French Standin

原数 型名 4000 4.5 数数 243 400 4.7 数数 8354 4.17 2.2 (五74 772 482) 4.5 (五74 772 482) 4.5 (五74 772 482) 4.5

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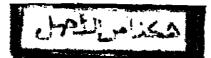
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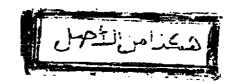
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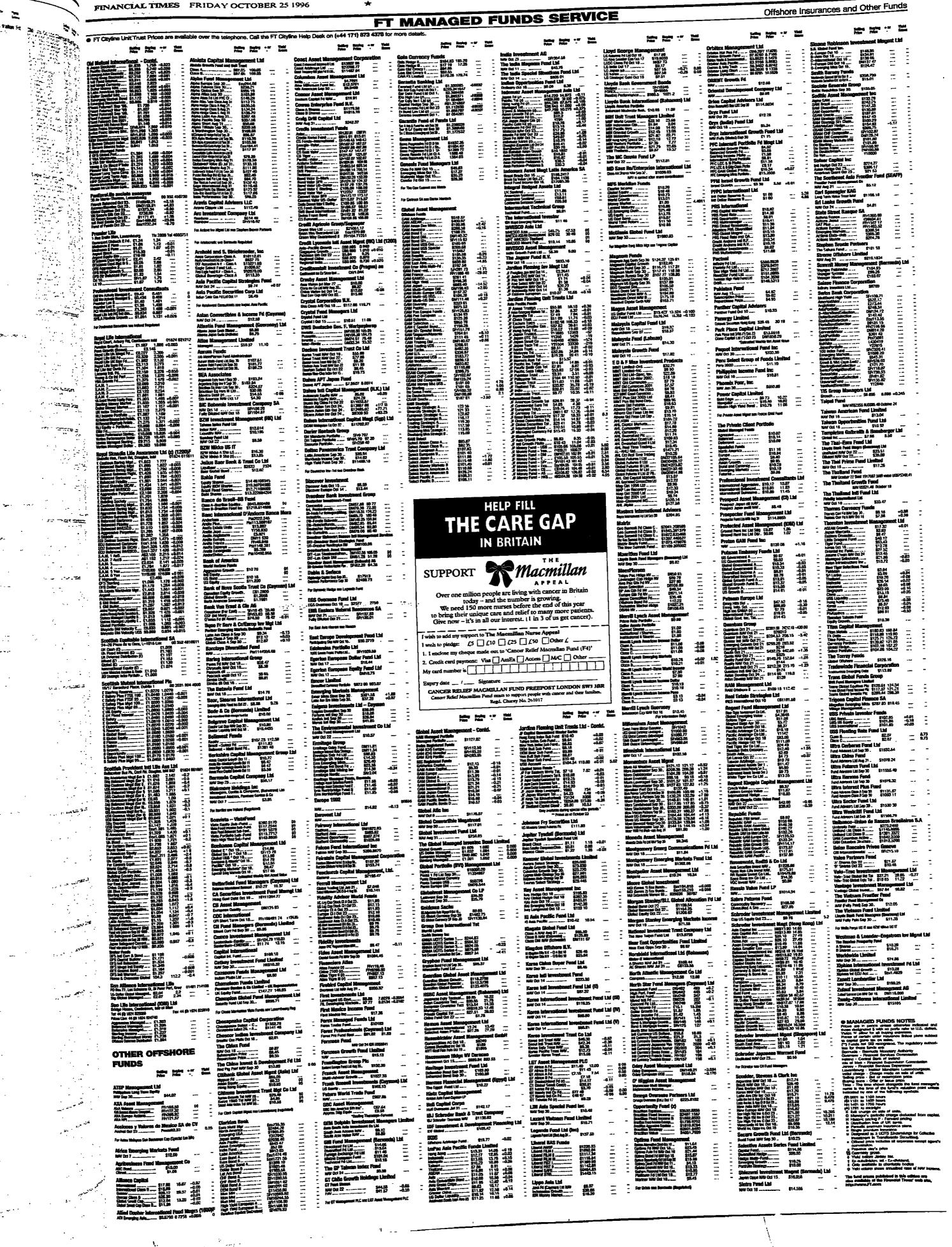


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LONDON STOCK EXCHANGE

Footsie slips below 4,000 on gilts weakness

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

UK stocks fell sharply for the third successive session yestersliding below 4,000. London was hit by a sharp reversal in gilts and by the continuing weakness on Wall Street.

Gilts came off on widespread profit-taking and also in the wake of a ruling in the European Court against the UK government regarding the refunding of excess value added tax on discounted goods. An unsubstantiated story that Goldman Sachs. stock was also circulating in the never as weak as the leaders, the market and was said to have second-line issues also gave caused widespread unease.

Earlier, the gilts market had risen strongly in the wake of a day, with the FTSE 100 index successful outcome to the latest auction of £1.5bn-worth of 8 per cent stock dated 2015. The auction, the second this week, was covered 2.66 times.

Tuesday's gilts sale, £2bnworth of 7 per cent stock, dated 2001, was covered an even more impressive 3.57 times.

The FTSE 100 index fell a further 29.0 to 3,999.4, the first time it has dropped below 4,000 since October 10 and extending its ground, with the FTSE 250 slipping 6.6 to 4,424.5 and the Small-Cap 2.4 to 2,181.6.

Dealers were again unnerved by Wall Street's erratic behaviour, which saw the Dow Jones Industrial Average drop almost 70 points on Wednesday evening, before rallying to close only 25 points off. Shortly after the start of trading yesterday, the Dow was almost 40 points lower. despite higher than expected weekly jobless claims.

One senior marketmaker said sentiment in London "has been BAA, another big outperformer,

taken the whole of the auctioned to 73.7 or 1.8 per cent. Although any setback during the recent the Civil Aviation Authority. upsurge was shrugged aside, now it seems any rallies are quickly being drowned". He also pointed to the modest but persistent selling of US Treasury bonds during recent sessions.

However, Footsie's weakness masked plenty of individual

the FTSE 100 index, with the market showing its relief that the were no worse than expected and previous few weeks. were in fact accompanied by a relatively optimistic statement.

There was similar relief for where the recent bld speculation

The shares jumped 17 to

792½p, in spite of several

brokers reducing full-year

profit expectations. The list

of brokers downgrading

includes Kleinwort Benson

which reduced its estimate

by £20m to £650m. Mr Jer-

emy Chantry at the broker

said: "These are disappoint-

ing figures, but there is an

element of relief they were

Bass fell 11% to 768p on

continuing worries over its

proposed acquisition of

Carisberg-Tetlev being

referred to the Monopolies

and Mergers Commission,

although Allied Domecq,

which is selling the majority

of its stake in Carlsberg-

Tetley to Bass, strengthened

21/2 to 4611/2p. One analyst

suggested that there might

be some switching from

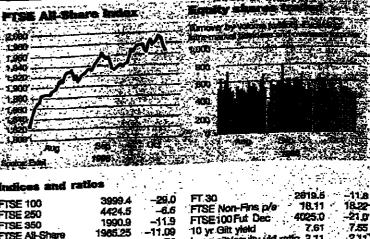
Guinness, which fell 10

My Kinda Town rose 16 to

the US investment bank, had decline over the past three days blown for the moment. Just as as the regulator of its business. detailed its final proposals on charges for the next five years at Heathrow, Gatwick and Stansted airports.

On the downside, BSkyB took another hammering. The shares followed Wednesday's 6 per cent slide with a similar retreat, after News Corp confirmed proposals ICI was the best performer in to issue convertible preference shares against its holding in the UK satellite group, whose stock company's third-quarter numbers had been hitting records in the

BSkyB's dismal performance was almost matched by Pearson, continued to wane.



dices and rati	0\$:	•	
SE 100 SE 250 SE 350 SE All-Share SE All-Share yield	3999.4 4424.5 1990.9 1965.25 3.78	-29.0 -6.6 -11.9 -11.09 3.76	FT.30 2819.5 -11 FTSE Non-Fins p/e 18.11 18.2 FTSE 100 Fut Dec 4025.0 -21 10 yr Gilt yleld 7.61 7.5 Long gilt/equity yld ratio 2.11 2.1
Gas Distribution Chemicals Transport		+1.5 +0.6 +0.3	Worst performing sectors 1 Off: Integrated 2 2 Media 3 Mineral Extraction 4 Oil Exploration -
Electricity		+0.2	5 Alesholic Reversits

Sainsbury on the war path

By Lisa Wood, Steve

J Sainsbury hardened to 350p and a number of its strong rumours that the retailer was about to launch

Analysts said the retailer was going to offer more points on its Reward card for selected lines. At present, customers get one point for every pound spent after a minimum expenditure of £5. On reaching 250 points, a customer either gets a £2.50 voucher or a range of other

offers. Analysts said if Sainsbury had offered the extra points on all its lines, the competitive threat to other retailers would have been significant. They added that the campaign would provoke a "tremor" among food retailers rather than an earthquake, but they praised Sainsbury, which has been hit by a number of downgrades, for fighting back.

Tesco, which launched a price initiative recently, taking market share from Sainsbury, fell 7 to 3211/2p, Safeway gave up 6 to 3621/2p on hefty turnover of 7.5m shares, and Asda softened to 115%p. Turnover in Asda reached 13m shares.

UK airports group BAA ciated confirmation from the

Civil Aviation Authority of the E & P's, Enterprise Off the pricing regime for the group over the next five

The news that the pricing formula is to be inflation less 3 per cent sent dealers scrambling for stock and by the close of the session the shares showed a gain of 141/2 to 519½p having traded a hefty 7.8m.

One trader said: "It is pure relief, we can now get on with the business of assess ing things properly."

Brokers moved to reiterate their positive stance on the shares. The list included UBS which rates the stock a "buy". In a note to clients, the broker said: "This agreement on the regulation for the next five years effectively lifts the regulatory clouds from our forecasts."

Oil shares were among the worst performers in the FTSE 100, hit primarily by a shift of stance by SBC War burg, one of the leading UK brokers, but also by a retreat in crude oil prices. Oil sector analysts at the broker moved from "neutral" to "underweight" in the integrated stocks and from "overweight" to "underweight" in the exploration

BP bore the brunt of the selling pressure in the majors, the shares dropping 18, or almost 3 per cent, to 670p after heavy volume

Shell Transport, meanwhile, held up well during the morning, but finally succumbed to the US pressure late in the day, closing 16 off was a good 4.4m shares. In

Nine months ended September 30, 1996

Earnings after net financial items and minority shares were

• Earnings for the full year are expected to total at least SEK 1.1

 Profit per share, after full tax, was SEK 14.50 (12.50). Profit per share for the full year is expected to be slightly more than

• Cash flow amounted to SEK 1,574M (776). Cash flow for the full

9 mos.

1996

10,875

2,090 -885

1,205 -2

-216

987

-40

947

771

Aker Sement og Byggevarer has been consolidated as of January 1, 1996.

Scancem is one of Europe's major manufacturers of mineral-based building materials. The company's main markets are in the North Sea and Baltic Sea Regions. Scancem also conducts substantial cement operations in areas of the United States, Africa and Asia. Group sales amount to approximately SEK 14 billion annually and the number of

> Scancem AB, PO Box 60066, S-216 10 Malmö, Sweden Tel: +46 16 50 00 Fax: +46 40 15 91 80 Website: http://www.sacancem.com E-mail: info@hq.scancem.com

9 mos.

10,529

1,657

-588

1,069

-145

928

-145

783

592

1995

Past 12 mos.

1995

13,917

2,072

-773

1,299

-163

1,160

-205

955

761

24

12 mos.

14,263

2,505

-1,070

1,435

18

-234

1,219

-100

1,119

940

year is expected to exceed SEK 1.8 billion (1,336 M).

gave up 11 to 558%p and Lasmo 5 to 214p.

The takeover buzz in the regional electricity stocks refused to die down and was put forward as the reason behind the latest upsurge in East Midlands Electricity which shot up a further 19 to 518n. The shares have risen. 34, or 7 per cent, in less than a week, amid hints that a predator could be circling

International chemicals group ICI recorded one of its best days in recent sessions on relief in the market that the group's third-quarter figures had not been worse. The company reported profits of £131m, at the bot-

tom end of the market's forecasts, but ahead of the most pessimistic forecasts. The market also responded to an encouraging statement along with the numbers.

FT	30	INDEX
		Ort 24

	Oct 24	Oct 23	Oct 22	Oct 21	Oct 18	Yr ago	High	1_0w
FT 30	2819.5	2831.3	2856.8	2870.1	2865.2	2571.3	2885.2	2668.8
Ord, div. yield	4.03	4.01	3.97	3.96	3.96	4,13	4,22	3.76
P/E ratio net	17.13	17.19	17.37	17,46	17.41	15.57	17.46	15.80
P/E ratio na						15.38		
FT 30 since compl								

24232	935.6 2	830.3 2826	5.7 2829.0	2822.2 28	42.8 2819.
Oct 24	Oct	23 Oct	22 Oct	21 Oct 1	18 Yrago
33,696	35,4	94 38,2	234 41,6	15 39,1	07 24,513
-	163	0.2 131	4,0 131	6.9 1629	.5 1547.2
_	. 29,2	23 31,4	44 34,0	33,5	37 29,523
_	- 50	6.8 46	6.8 45	3.6 515	5.5 645.3
	Oct 24 33,696	Oct 24 Oct 33,698 35,4 - 163 - 29,2 - 50	Oct 24 Oct 23 Oct 33,698 35,494 38,2 - 1630.2 131 - 29,223 31,4	Oct 24 Oct 23 Oct 22 Oct 33,698 35,494 38,234 41,6 1530.2 1314,0 1311 29,223 31,444 34,0 506.8 488.8 45	Oct 24 Oct 23 Oct 22 Oct 21 Oct 21 33,698 35,494 38,234 41,615 39,1 1630.2 1314.0 1316.9 1626 29,223 31,444 34,038 33,5 515 568.8 488.8 453.6 515

Place and falls*		52 Week highs a	and lows	LIFFE Equity options		
Total Rises Total Falls Same	524	Total Highs Total Lows .	67 65	Total contracts	40,907 13,157 27,750	
Oct 24 *Date b	essed on E	quity shares listed	on the Lo	indon Share Service	P	

quarter figures while Pear-163½p. Analysts said there had been rumours of it signing some development deals. der evaporated. Analysts were largely unmoved by the news of the ruling by the European Court of Justice concerning VAT on discount promotions. One of the cases had

also won its case, was seen

hopes over reorganisation.

Rentokil Initial came under

The shares fell 12 to 421p.

after trade of 5.8m. The secu-

rities house moved its

recommendation from

"hold" to "reduce" believing

the shares to now be "over-

BSkyB was again the big-

gest casualty in the FTSE

100, falling 39% to 596%p on

trading of 14m and the

equivalent of 2.9m shares in

the options market, after

News Corp, which owns 40 per cent of BSkyB, con-

firmed it is to raise at least

\$1bn through an issue of

One analyst said that the

market was worried if Mr

Rupert Murdoch felt the

shares were fairly valued. By

effectively mortgaging some

of his stake in BSkyB, Mr

Murrioch was specesting he

preference shares.

valued".

mendation on the stock.

heen brought by Argos. which initially went up on reports that it had won its ase but fell 5 to 782%p. The effect of the issue on the profits of Unilever, which as negligible, the shares fell

son fell 19 to 711%p as speculation about a possible bid-

ued to evaluate the potential implications of PolyGram. its Dutch competitor, warning of flat profits this year. Shares in Fieldens, the AlM-quoted farm tyre and wheel supplier, fell 5 to 721/2p after the company spoke of "difficult trading conditions" at its annual general meet-

The announcement of a mid-week National Lottery draw worked its way through the market. Rank, with substantial bingo interests, fell 8 to 426p.

Thompson and Joel Kibazo

competitors weakened on a new price campaign.

and production issues. of 10m.

soared as the market appre- at 1041p. Turnover in Shell

Interim Report

SEK 947 M (783).

SEK 17.00 (16.05).

Operating income after depreciation

Earnings after net financial items

Earnings after net financial items

Shares in associated companies

billion (955 M).

Scancem Group

Operating income

Net financial items

and minority shares

employees totals 10,300.

Earnings after tax

Minority shares

SEK millions

Depreciation

Sales

Oct 24 Oct 29 Oct 22 Oct 21 Oct 18 Yr ago "High "Low 1011.90 1009.40 1008.50 1011.70 1010.10 - 1140.40 965.70

Place and falls'		52 Week highs an	d lows	LIFFE Equity opti	ions
Total Rises	524	Total Highs	67	Total contracts	40,907
Total Falls	619	Total Lows .	65	Calls Puts	13,157
Same	1.477	1		i Puts	27,750

EMI Group fell 29 to 12271/p as analysts confin-

ing and said that margins were under great pressure.

121/2 to 1312p, on fading Support services group oressure after NatWest Securities downgraded its recomFUTURES AND OPTIONS

	Open	Sett price	Change	High.	Low	. Est., vol	Open k
Dec	4048.0	4025.0	-21,0		4018.0		62399
Mar	4049.0	4039.0	-22.0	4049.0	4047.0	300	485 326
kin	-	4054.0	-21.0			. " -	320
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TRADING VOLUME

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could get a better return elsewhere.		
Emap fell 32 to 7121/2p after	FT GOLD MINES INDEX	
reports of conflicts over cor- porate governance and alle-	Oct % chag Oct Year Gross (br 7/E 22 week 23 on they 22 ago yield % actio litigh. Lo	
gations of tensions between Mr Robin Miller, the compa-	Gold Mines Index (ST) 1930.45 +0.8 1915.26 1788.00 1.58 - 2880.73 172 in Segional Judices	2
ny's chief executive and Mr	Abbt (13) 2502.20 +1.3 2470.51 2465.51 3.16 35.58 3563.86 227	2.74
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managing director.	North America (12) 1731.37 +0.7 1718.36 1536.25 0.74 64.63 2186.39 148	H.94
Reuters softened 5% to 772%p ahead of its third-	Copyright, FTSE International Limited 1996. All rights reserved. Pigeres in brackets a number of companies, Besis US Dollars. Base Value: 1000.00 31/12/52. † Partial, Latest p serie unavailable for this edition.	itow rices

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10 MINERAL EXTRACTION(24)	3911.24	-1.7	3979.74	3974.39	3985.34	2884.02	3.56	1.63	21.61	128.05	1707.58	1
12 Extractive industries(6)	4175.73				4248.49						1244.57	1
15 Oil, integrated(3)	4053.23				4125.68			1.45			1816.41	1
16 Oil Exploration & Prod(15)	2900.23				2990.64						1757.35	П
												ľ
20 GEN INDUSTRIALS(276)	2062.22				2087.71			1.78			1147.39	4
21 Building & Construction(34)	1211.4 9				1215.58						1031.82	1
22 Building Matts & Merchs(29)	1953,41				2005.60			1.53	20.71	65'88	1001.70	-1
23 Chemicals(25)	2438.51				2449.54			1.45	20.74	88.14	1175.46	ı
24 Diversified Industrials(19)	1470.38	-0.5	1477.09	1490.28	1494.01	1750.54	6.90	1.62	11.18	89,36	847.69	ŀ
25 Electronic & Elect Equip(37)	2323.54	+0.2	2318.55	2338.43	2353,26	2091.89	3.39	1.48	25.28	63.97	1225.28	Į.
26 Engineering(71)	2660.91	<u> </u>	2662.16	2675.36	2678.41	2138.94	3.07	2.46	16.51	69.22	1638.19	ı
27 Engineering, Vehicles(14)	3259.18	+0.1	3257.18	3283.05	3306.26	2519.68	3.31				1718.08	ı.
28 Paper, Poko & Printing(28)	2600.80	-0.1	2604.15	2608.70	2635.50	2885.09	4.01				1103.43	ł
29 Textiles & Apparel(19)	1183.53	-0.2	1188.87	1183.03	1197.05	1534.50	8.03				735.49	1
												1
30 CONSUMER GOODS(82)	3753.05				3817.21						1412.35	ł
32 Alcoholic Beverages(8)	2766.42				2860.88						1016.03	ı
33 Food Producers(25)	2578.44				2621.49						1182.80	L
34 Household Goods(15)	2768.27				2729.09						1077,69	ł
36 Health Care(18)	2012.70				2037,90			1.95			1241.11.	J.
37 Pharmaceuticals(14)	5865.96				5972.99			2,01			2023.64	1
38 Tobacco(2)	3606.22	<u>-0.8</u>	<u>3634.59</u>	3609.39	3591.53	4506.51	7.19	2.11	8.25	262.07	928.66	1
40 SERVICES(254)	2609.61		2831 01	2658.01	2667.78	2145 00	2.84	1.07	22.24	.79.40	1377.50	ı
41 Distributors(30)	2878.41				2884,39			2.02			1077.63	ł
42 Leisure & Hotels(25)	3194.38				3241.78						1737.16	ı
43 Media(45)	4402.86				4624.35						1611.45	ŀ
44 Retailers, Food(15)	1987.54				2032.43						1285.24	ŀ
45 Retailers, General(45)	2174.44				2191.18							t
47 Breweries, Pubs & Rest.[21]	3100.38				3158.62			2.08			1263.58	١
	2609.02							. 1.98			1509.37	t
48 Support Services(50)	2583.53				2638.58				_24.40	47.97	1675,48	ì
49 Transport(23)		TUN			<u>2815.84</u>						1097.57	1
60 UTILITIES(33)	2255.03	-			2251,72			1.76	12.40	167.56	1006.12	1
62 Electricity(12)	2313.89	+0.2	2308.82	2320.59	2315.91	2803.71	7.12	.2.22	7.92	429,17	1252.96	1
64 Gas Distribution(2)	1285.59	+1.5	1266.02	1256.42	1256.42	1809.54	9.32	0.83			703.44	Ł
65 Telecommunications(8)	1942.98	-0.2	1946.62	1966.67	1887.56	2055-24	4.15	1.53	19.70	50.32	902.48	ı
68 Water(11)	2094.58	-0.5	2105.78	2112.24	2124,13	2083.29	6.57	2.31	824	94.85	1184.82	ŀ
69 NON-FINANCIALS(869)	2057.50				2089.71							ŀ
OS MON-HEARMOUNTS(DOS)		-4.1	2011-33	2003. <u>24</u>	<u> </u>	1037.02					1593.99	ı
70 Financial S(103)	3298.16	-0.2	3303.57	3320.65	3338,87	2707.08	4.03	2.36	13.17	123.91	1452.30	ľ
71 Benks, Retall(8)	4752.40	-0.1	4756.33	4790.73	4825.47	3779.32	3.82	2.71	12.08	175 00	1588.74	1
72 Banks, Merchant(6)	3709.63				3793.95			2.82			1192.89	ſ
73 Insurance(21)	1544.11				1556.55				10 11	70.70	1195.52	ı
74 Life Assurance(7)	3823.72				3986.09		4.07	1.78	17.20	154.70	1825.71	12
77 Other Financial(20)	2676.61				2882.82					ינתופי	1025.71	Į.
	1680.99				1858.68			-100	. 4.73	98.27	1552.23	1
79 Property(41)	1000.00	_									1038.05	ŀ
80 INVESTMENT TRUSTS(127)	3177.53	-0.2	3184,19	3204.18	3214.08	2890.80	2.24	1.12	48.80	80.09	1120.72	ŀ
_ 	1965.25							—		_		ŀ
89 FISE All-Share(999)	1902-23	_			1994.54			1,91			1896.08	1
FTSE Fledgling	1235.46		1235.31	1237.32	1239,32	1078.56	2.81	0.66	67.22	29.86	1308.15	L
FISE Fiedgling ex IT	1247.47		1247,04	1248.48	1250.19	1079.16	.3.01	0.58	71.90	39 87	1322.67	ŀ
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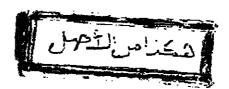
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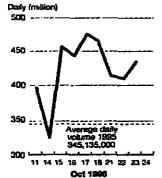
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Dow slides in spite of solid results

US shares were mixed at the end of the morning session. Blue chips gave ground, but technology shares rode higher on the back of good gains by a number of sector leaders, writes Lisa Bransten in New York.

At 1 pm, the Dow Jones Industrial Index was off 33.17 at 6,003.29, the Standard & Poor's 500 fell 2.53 at 704.74 and the American

NYSE volume



Stock Exchange composite was 1.46 weaker at 569.27. NYSE volume was 229m

Technology stocks were mixed, but the largest companies in the sector helped the Nasdaq composite advance 4.00 at 1,231.88. Microsoft and Intel, the two largest companies on the Nasdaq, rose \$2% to \$136% and \$1% to \$110% respectively, while Cisco Systems, the third largest company in the index, lost \$1% at \$61%.

In a pattern that has prevailed in many recent sessions, shares in companies fell even after they reported earnings that were better than analysts' expectations. Ms Abby Cohen, co-chair of the investment policy committee at Goldman Sachs, said: "This should not be very surprising, given the significant price gains experienced prior to the actual reports.

Yesterday's examples of

which both fell in spite of earnings which were stronger than analysts' expectations. Boeing shed \$1% at \$95% and Procter & Gamble lost \$3% at \$92%. A 1 per cent decline in quarterly sales may also have contributed to the weakness in

Worries about fourth-quarter earnings also weighed on the market. AMP lost \$414, or 11 per cent, at \$34 after the company reported thirdquarter earnings modestly below forecasts and warned that it expected profits in the fourth quarter to be similar to those of the third.

Procter & Gamble's shares.

Quaker Oats slipped \$1%. or 5 per cent, at \$84% although the cereal and drinks maker reported operating earnings ahead of forecasts. The company reported decline in sales of Snapple, the soft drink company it acquired for \$1.7bn in 1994.

A few companies managed to rise after reporting strong results. Lucent Technologies added \$1%, or 4 per cent, at \$50% after reporting fourthquarter earnings of 40 cents a share, 3 cents ahead of estimates. Dow Chemical climbed \$1 at \$79 after it reported third-quarter profits of \$1.92 per share compared with a median esti-

mate of \$1.89. TORONTO finally caught Wall Street's sniffles during a dull morning session. After four straight days of

steady advance, in marked contrast to the trend in the US, the Canadian market lost ground, dipping 7.15 to 5,569.08 in terms of the 300 composite index at noon. Conglomerates continued

to lead the winners with a gain of 1.3 per cent, but the trend among the sub-sectors was visibly mixed. Gold shares were the worst performer, slipping by a percentage point.

Among the blue chips, Alcan was a bright spot, rising 80 cents to C\$44.70, but the broad trend was downwards. Seagram lost 15 cents this pattern came from Proc- to C\$49.85 and Northern ter & Gamble and Boeing, Telecom 5 cents to C\$87.15.

Mexico stays upside

with the IBC index adding

tation of CANTV, the state telecoms group. A local financial daily reported that the global offer would begin on November 22. **BUENOS AIRES** was little

The FT/SEP Actuaries World Indices are owned by FTSE international Limited, Goldman, Sechs & Co. and Standard & Poor's. The Indices are compiled by FTSE international and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Nativest Securities Ltd. was a co-founder of the Indices.

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changed at mid-session with TOKYO drifted lower, as the Merval index up 0.37 at

> The Nikkei 225 average lost 78.66 to 21,003.49, after and 21,114.69. Volume fell from 287m shares to an estiindex of all first-section stocks dropped 5.64 to 1,571.09 and the capitalweighted Nikkei 300 by 0.92

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287.41 266.74 205.09 229.36 287.41 289.37 236.38 239.01

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218.99 202.94 156.03 174.50 189.11 220.11 188.87 193.22

Philips shares fluctuate in record volume

Share price & index (rebased)

MADRID actually reached

an all-time closing high, if

only just, with the general

Turnover rose above

accounted for a quarter of

that, rising Pta35, or 1.4 per cent, to Pta2,590 in 4.57m

Banks also saw strong

buying interest with BCH,

which was to produce a 20

per cent gain in nine-month

profits after hours, closing

Pta60 or 2 per cent higher at

PARIS shares reversed

early losses to edge into

positive territory by the

Turnover was

Telefónica

index 1.66 higher at 383.41.

Pta40bn.

close.

Shares in AMSTERDAM ended ahead after a day of sharp swings at Philips, which fell steeply at the out-set, recovered later in the session and, in the process, set a record for a single day's trading volume.

Third-quarter results from the electronics giant fell a long way short of analysts' expectations and the shares fell to a session low of F153 early in the morning. After the analysts' meet-

ing, however, there was aggressive buying of the stock which racked up a best-ever volume of 9.1m shares. Philips ended Fl 1.70 higher at FI 58.30.

Dealers said that the additional restructuring planned by the company had heightened hopes for an eventual profits turnround. They said that the shares, which had come down from F167 this month, were keenly sought.

recovered strongly, climbing Fl 2 to Fl 81.50 after steep falls on Wednesday following a profits warning. Ocevan der Grinten, the copier group, gained Fl 4.60 to FI 184.60 and the brewer Heineken out on F1460 to F1316.5. At close, the AEX described by brokers as mod- son group takeover, gained

PolyGram, Philips's 75 per

cent owned music offshoot,

ended 2.76 higher at 2,151.62. Sentiment was firm, buoyed partly by renewed talk of independent action on interest rates by the Bank of France in spite of Wednesday's apparent veto on a further reduction for

Bundesbank. Second-line stocks supplied most of the day's action. Dassault Systemes rose FFr6.80 to FFr216.50 after reporting strong ninemonth profits. Galeries Lafayette shed

German rates from the

FFr35 to FFr1,829 following press reports that the retail group's plans to cut costs and jobs had run into problems in the French courts. The steel group, Usinor, came off 80 centimes to downgraded its stance.

Pathe retreated FFr3.05 to FFr39.10 in sympathy with the UK media group BSkyB, in which it has a 17 per cent stake. Club Med continued to slide after Wednesday's profits warning. The sheres lost FFr2 10 to FFr826.9 Among leaders, Rhône

Poulenc hardened FFr1.20 to FFr142.5 ahead of today's third-quarter results. Lagardère, a dramatically active share since last week's announcement of the Thomerate. The CAC 40 index FFr3.30 to FFr170.

FTSE Actuaries Share Indices Coss 10.30 11.00 12.00 13.00 14.00 -15.00 Choss Hopely changes FISE Europeck 100 1772.65 1773.49 1774.37 1773.86 1773.96 1772.51 1772.65 1772.46. FISE Europeck 200 1824.13 1825.18 1825.89 1823.80 1822.11 1821.18 1822.24 1886.24

Oct 18 Oct 17 Oct 21 Oct 22 02 23 1843.36 100 - 1774.5t, 200 - 1884.91

FRANKFURT's financials were mixed, but its two big insurers rescued the Dax index from another decline. Dresdner and Deutsche Bank contributed to the early equilibrium. In the end, it ras Munich Re and Allianz that mattered as the Dax closed 3.05 higher at an Ibisindicated 2,681.94.

Munich Re was the stock FFr77 after a leading broker of the day, its registered shares climbing DM204, or 5.9 per cent, to DM8,660 after the big reinsurance group said that earnings per share had more than doubled, and bumped its dividend up from DM13.50 to DM16 a share.

Allianz rose DM26.90 to DM2. Deutsche came back to close 14 pfg lower at DM71.10 on a 9 per cent increase in nine-month profits, and Dresdner put on 24 pfg at DM41.15 following the Goldman Sachs upgrade earlier in the week.

The big news in cyclicals

as a good alternative to Roche, Cibs and Sandot. On the downside, Swissair THE EUROPEAN SERIES

its Munich competitor's 13,745.6 after a 1896 rise of 80

extended its recent lesses with a fall of SFr86 to SF1963, this time following a slight decrease in the airline's September load factor. The watchmaker Tag Heuer fell another SFr5.50 to

fifth since its immediate trucks. Following Volvo's post-flotation peak of SFr252 depressing news from that just over three weeks ago. sector on Wednesday, a STOCKHOLM SAW SKF. profit warning from the the bearings manufacturer. trucks division of MAN left the engineering group come in with nine-month DM14.80, or 8.7 per cent, profits slightly below expectations and fall SKr4.50 to lower at DM386, and con-SKr154. The Affarsvariden firmed the bearish sentiment

SF1203.50, down nearly a

shares through most of this HELSINKI, where the Hex Turnover fell from index rose 15.51 to 2,247.80, DM12.1bn to DM9bn. SAP heard Raisio brief investors about the international contributed DML9hn of that. launch of its Benecol cholesterol-reducing margarine. After an initial fall to

General index essed 3.6 to

py's preferred recovered DM2.30 of Wednesday's FM289, the high-flying DM66.20 loss, closing at shares closed FM4.10 better at FM791.59. ZURICH complained of WARSAW fell for the sevlistlessness as the SMI index rose 10.7 to 8,753.6. However, The Wig index closed 377.8, Swiss Re took a leaf out of or 2.7 per cent, lower at

> per cent in dollar terms to the end of last week. Written and edited by William Cochrane and Jeffrey Brown

Field day for Sydney after wage growth data

Shares in SYDNEY closed sharply higher, after lower cut in interest rates.

Rate-sensitive stocks shot ing levels. ahead, while plans for a \$1.5bn share financing by News Corp belped underpin the upturn. News Corp. a dull market lately following a broker stance downgrade,

Rate cut hopes provoked a storming performance among the banks, with National Australia Bank un 29 cents to \$A13.76 and Commonwealth Bank 44 cents better at A\$11.94. ANZ gained 17 cents to A\$7.37.

WELLINGTON rose sharply after hopes for a cut in interest rates were lifted by central bank comments. The NZSE-40 capital index what dealers described as

The central bank

investors continued to shift funds to the booming bond market and volume dwindled on the fourth day of a post-election losing streak, writes Gwen Robinson.

to 294.56. Declines led

index down to its day's low by mid-morning. But, as in the preceding session, selective bargain hunting and arbitrage-linked buying on a pick-up in index futures brought the market back up

In the continuing political limbo since last Sunday's general election, analysts said the market was likely to stay directionless until after November 7, the expected date for a special parliamentary session to confirm the new prime minister. Concerns that the conser-

vative LDP, which will lead the new coalition government, will back away from earlier promises of economic stimulus measures hit real estate-related stocks particularly hard at a time of falling land prices. Mitsui Fudosan slid Y30 to Y1,420.

However, carmakers were of the dollar against the yer and encouraging reports that vehicle production in the first half of 1996 rose for the first time in six years.

Traders noted that foreign investors, who have stayed net sellers in recent weeks. snapped up car issues. Honda Motor added Y30 to Y2,700 and Nissan Motor Y9

failed to boost semiconductor-related issues. Hitachi fell Y10 to Y1.020 and Matsushita Electric Industrial

bankruptcy.

In Osaka, the OSE average

Currency 52 week 52 week Index High Low

171.47 221.59 193.45 195.18 195.35 350.84 189.70 123.97 149.00 174.26 180.93 134.14 134.14 267.86 336.30 276.89 284.32 214.17 232.84 171.73 225.87 163.92 201.77 187.70 157.76 143.71 181.04 155.68 158.28 463.02 470.59 354.67 381.24

279.94 282.57 230.17 233,37

179.14 215.24 144.87 195.04 171.87 221.99

Rp4,000, after speculation tutional demand for stocks

50 index rose 1.59 to 1,426.61. Small-lot selling in early trading dragged the 225

than expected wage growth figures were seen to signal a Bond yields dipped to their

lowest level for 31 months, and equities had a field day. The All Ordinaries index closed up 30.9 at 2,377.6.

jumped 24 cents to A\$7.28.

good two-way volume.

suggested that New Zealand's monetary conditions were tighter than were needed". After this, NZ Telecom, the market leader, gained 7 cents to NZ\$7.39. Air New Zealand B shares rose 14 cents to NZ\$3.49.

moving between 20,855.56 mated 238m. The Topix advances 699 to 317 with 210



added 2.95 to 21,501.50 in vol ume of 17.14m shares. JAKARTA featured a 5.9 per cent drop in Astra Interin the cars-to-plantations conglomerate would take place at a premium.

There had been hopes that groups linked to the indonesian presidential family might be interested in using Astra's car assembly and distribution facilities for a "national" car project.

The JKSE composite index closed 0.03 higher at 575.89. SEOUL was uninspired by news that the central bank would cut South Korea's reserve requirement and the composite index, weakened dditionally by a deteriorating supply and demand situation and a debt payment default at Samick Musical,

fell 7.54 to 804.44. SHENZHEN reported insti-

subsided that stake-building with a promising earnings outlook and the B share index firmed 0.67 to 89.51, turnover rising from HK\$18,70m to HK\$29.62m.

which had depressed the

against DM3.4bn on Wednes-

day as the software compa-

book, rising SFr19, or 1.4 per

cent, to SFr1,341 while Clar-

iant had a similar gain, clos

ing SFr6 higher at SFr447

after recent buy recommen-

BOMBAY took profits and the BSE index fell 2.75 per cent. Up more than 6 per cent in two straight sessions following central bank dealer, moves to loosen credit controls, the index tumbled 91,75 to 3,250,11,

Among leading stocks, SBI shed Rs14.20 to Rs225.75 and TISCO Rs6.75 to Rs186, Boebringer Mannhein fell more than 13 per cent after a local plant was shut by the Maharastra FDA. The shares ended off Rs7.75 at Rs78.75.

KARACHI took a breather after two days of strong ter earnings down 42 per gains. The 100 index, up cent, came of Bt4.50 to Bt89.

Tuesday's devaluation of the rupes, closed 2.93 better at 1,430,24.

Trading was described as confused. "The short covering sparked by the currency move has been mostly com-pleted. Investors are in a wait-and-see mood," said one

BANGKOK returned to profit-taking from the Chulalengkorn holiday and the SET index fell 13.54 to 944.51. Finance shares led the way down, as disappoint. ment over recent results added to the selling pres-

Finance One fell Bt3.50 to Bt68.50 and Phatra Thanakit, which turned in third-quar-

79.08 to 6,040.67 at mid-session. Dealers said that sentipinned by investor hopes for ment had been kept buoyant a solid set of results from by speculation about the flo-

cling to the upside through - the morning session, undermarket heavyweight Telmex. The telecoms giant, which was due to produce a results statement later in the day, was four centavos higher at 12.30 pesos at mid-session. The IPC index gained 1.37 to

MEXICO CITY managed to

CARACAS stayed firm

South Africa turns down

FT/S&P ACTUARIES WORLD INDICES

184.29

.218.53

200.57

.467.57

1197,46

258.65

.287.37

.157.05

281.00

Weak currency and bullion markets ended a three-day run on the upside in Johannesburg, where the overall index finished an active session with a decline of 20.0 at 7.016.4.

Dealers said a softening rand and bullion price had sliced through sentiment sive" selling. There was a modest rally towards the R14.80.

NATIONAL AND

Austria (24) ... Belgium (27)

Denmark (30)

France (93).... Germany (58)

indonesia (.: Ireland (16)..

Japan (480)

Mendico (27).

Netherland (19).... New Zesland (15)

Scient (97) .

Theiland (45).

Americas (794

North America (739)

World Ex. US (1809).

Pacific Ex. Japan (396)298.87

USA (623)

Hong Kong (59)

close of the session, but the industrial index ended down 7.0 at 8,274.4. Golds, a strong market

lately, closed off 14.1 at 1,713.7.

198.40 152.62 169.20 198.76 129.82 149.92 205.07 157.75 174.88 171.15 131.65 145.96 168.09 129.26 149.29 309.16 237.83 263.66 202.94 188.12 173.07 186.27 149.29 156.85 168.13 129.34 149.38

434.29 394.04 370.32 464.16 191.50 147.32 169.31 294.06 290.15 223.20 247.44 273.07 72.01 55.39 61.41 88.44 130.92 100.71 111.55 100.71 545.59 418.70 455 7

100.71 111.65 100.71 545.58 418.70 465.28 567.00 1112.07 855.48 848.38 10271.00 242.76 85.35 65.66 72.79 68.71 243.30 187.15 207.49 228.83 180.32 188.72 153.78 254.28

180.32 158.72 153.78 254.25 349.76 259.06 256.26 245.84 320.90 246.86 273.67 345.57

321.90 240.80 273.87 349.57 175.74 135.19 149.87 184.02 387.94 283.05 313.78 385.78 226.86 174.57 183.48 189.99 109.85 84.50 93.68 118.95 240.21 184.78 204.85 240.21

244.32 187.95 208.36 207.91 159.94 177.90

171.59 132.00 146.34

260.96 200.75 222.55 186.06 143.13 158.67

312.63 240.50 145.85 112.20

The bullion price moved back down through \$388 during Johannesburg tradgold stocks came off steeply. Loraine retreated R1 to

near the previous day's closnational, Rp250 lower at CREDITANSTALT

Favourable exchange rates

Y20 to Y1,840. The most closely watched stock was the timber dealer, Nichiei, which gained Y7 to Y317 on the market's heaviest volume after suffering the maximum daily permissible drop the previous day. This followed reports that its non-bank subsidiary, Nichiel Finance, had filed for Japan's largest corporate

SAEHAN MERCHANT BANKING CRPORATION US\$100,000,000

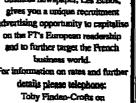
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JPMorgan

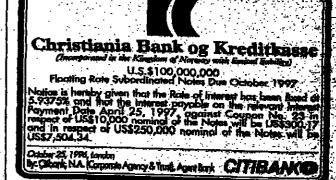


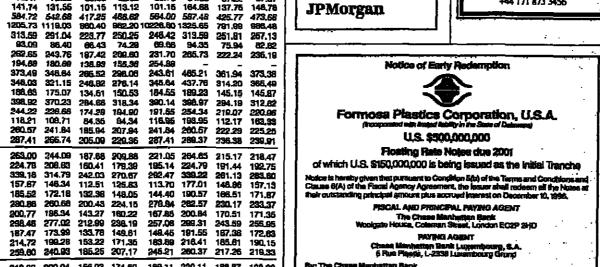
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O CHASE





SUNKYONG INDUSTRIES LIMITED US\$ 50,000,000 FLOATING RATE NOTES DUE 1998 Redesmable at the option of Noteholders in April 1995 and April 1997 and at the option of the leasuer on any interest par failing in or after April 1996) ordance with the provisions of the Notes, notice is hereby go

Interest period; October 24, 1996 to Ja Interest payment date: Japuery 24, 1997 Interest rate: 5.90625% per annum Coupon amount: US \$ 3,773.44 per

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A MORNING, INC.

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Als Tochtergesellschaft der BfG Bank AG in Frankfurt sind wir als Eurobank in Luxemburg seit über 20 Jahren erfolgreich tätig.

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- aspects of Business Development and Sales and
- Provide a strategic approach to management and financial information identifying key areas of focus. Be instrumental in all contract negotiations.

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- PLUS) with at least 6 years' experience with US multi-national organisations and possess prior senior finance management experience. Given the highly commercial locus of this position, the individual will display both strong technical skills and considerable business acutinen and be able to operate in an environment that is transitioning to a centralised shared service structure.

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Denmark

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Interested candidates should write with full CV, quoting current rewards package to Mark Hurley, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY Tel: 0171 430 9000. Fax: 0171 405 5995 quoting ref: HMH/6654/FT.



Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



Germany

THE POSITION

systems development.

In Europe, the company (with a USD 2,000 million

QUESTOR INTERNATIONAL

Reporting to the Chief Executive of the company's

DM100m German operation, with a dotted-line to the European Vice-President, Finance.

Full functional responsibility for all financial matters.

including reporting requirements for the US parent,

Significant strategic exposure, playing a prootal role in

the management of a complex, highly cost and margin-sensitive business, at a time of considerable change.

A highly influential and prominent role in a young,

exciting and rapidly expanding business.

divisional management accounting, budgets, forecasts and

Director of Audit

£80,000 Package + Car & Benefits

London

Seasoned professional required to lead internal audit function in the London Transport Group.

THE COMPANY

- ◆ Annual turnover in excess of £1 billion. Capital expenditure to top £1 billion in current year.
- Group activities include London Underground, LT Buses and LT Property.
- ◆ Major projects under way, including the Jubilee Line Extension. THE POSITION
- Responsible for wide-ranging audit programme across full spectrum of LT activities. Responsible to Board Member for Finance with regular reports to LT Audit Committee and Board.
- ◆ Evaluate adequacy of systems and controls throughout Group, ensure compliance. Support senior management in effective discharge of corporate governance and recommend improvements.

Please send full cv, stating salary, ref LG610A1, to NBS, 54 Jermyn Street, London SW1Y 6LX





Tel C171 493 6392 - Fax C171 409 1786 Aberdeen · Birmingham · Bristol · City Edinburgh • Glasgow • Leeds • London Manchester • Slough • Madrid • Paris

◆ Lead audit team of 50 professionals, covering

◆ Chartered Accountant with excellent degree. Ideally

techniques; committed to best practice.

of high-profile public sector organisation.

extensive board-level exposure.

Annual budget of £3 million.

OUALIFICATIONS

financial, operational, IT and Security and fraud.

Big Six background with demonstrable record of

success. Thorough understanding of current audit

Broad experience in commercial environment with

Excellent communication and leadership skills.

Robust professional style, able to meet demands



turnover and 8,000 staff), is part of an international group employing 35,000 people, a world leader in the domain of coatings, glass for buildings and automotive, fibre glass and chemical processing, is looking for its coatings and restas

Your working language will be English,

Financial Analysis Manager

Europe

Paris La Défense/France

Working closely with the European Controller, you will be responsible in Europe for:

- · Consolidating monthly, quarterly and annual Systems Business Unit sales and earnings forecasts.
- · Providing financial analysis and support to the business unit managers.
- Supplying monthly analysis of the financial
- Providing necessary guidance to ensure completion of the profit plan.
- Controlling the European "micro control" database.

two other European languages would be advantageous and you should have a minimum of seven years experience with a US company regional headquarters preferably in a consolidation/reporting function. You will be able to communicate at all levels

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THE PERSON NAMED IN

- Territoria

and demonstrate good organisation skills. You will be MIS and PC literate.

Please send your CV, photograph, telephone number, present salary to Nicolas Béchu at Michael Page International,

3 boulevard Bineau, 92594 Levallois Perret, France quoting ref NBE14904.

Michael Page International

Executive Resourcing

Financial Director

NORTHANTS

TO \$50,000 # SUBSTANTIAL BENEFITS + OPTIONS

This is an exceptional opportunity for a commercial and ambitious finance professional to play a key role in the further development and expansion of a \$25 million tumover consumer durables manufacturing company, which is an autonomous subsidiary of a quoted group. Following a programme of major organisational and operational initiatives, the company is now in a strong position to move forward and exploit and reinforce the strength of its

With full accountability for optimising the financial management and finance functions across a range of diverse operations, you will as Financial Director also be expected to make a significant contribution in driving forward business performance and managing the planning process. Initial objectives will include the advancement of accounting and information systems necessary to secure the information to control and plan the commercial success of the organisation.

Applicants must be result and profit orientated individuals with well developed commercial and business acumen in addition to sound professional and technical skills. You are likely to be a graduate qualified accountant with a sound knowledge of modern integrated management information systems. A track record of achievement within a substantial, commercially strong, market led manufacturing organisation is essential, as are the interpersonal skills and ability to positively influence management colleagues. You must be equally capable of functioning at board level in supporting and identifying major change and in the detail necessary to drive and challenge operational issues and control associated costs.

Places send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG quoting reference AE932 on both envelope and letter.

FINANCE DIRECTOR

c £50,000 + SHARE OPTIONS + BENEFITS

Based at Surrey Research Park and with offices in Germany and Japan, our dient is a young entrepreneurial and ambitious company with a very bright future. Developed through a management buy-out from a major multinational electronics group in 1994, it specialises in leading edge communication and control network design solutions for the automotive and information equipment industries worldwide. Currently enjoying outstanding growth, its ultimate business goal is to achieve a stock market listing within 5 years.

To play a key role in this process, the company is seeking a high calibre Finance Director to join its small management team, Reporting to the MD you will have full responsibility for developing and managing the company's finance, information and administration

Most importantly, you will be expected to contribute significantly to the business management of the company at a strategic as well as an operational level, and within an environment of very rapid global change.

You should be a qualified accountant (preferably chartered), of graduate calibre and with a broad range of solid finance/accounting and business management experience at a senior level within the high tech industry, ideally with an international dimension. Excellent communication and people management skills are: essential, as is a high degree of computer literacy.

Above all you should be seeking an exciting and challenging opportunity, - a situation in which success. and rewards will be achieved in direct relationship to your own effort and contribution.

To apply, please send a full CV with details of your current remandation consequencement, and sense, JW 4152 MJ Associates, 51 Church Road, Richmond, Surrey TW10 6LX. Fax: 0181 940 7141.



Cox Insurance Holdings PLC

Cox Insurance Holdings is a fully listed plc, providing insurance coverage through seven Lloyds syndicates to shipping, aviation, nuclear, and non marine industries, together with personal lines business with a total underwriting capacity of £470 million. Due to our rapidly expanding business activities an opportunity has arisen within our London Head Office.

GROUP ACCOUNTANT, INSURANCE Salary £35,000-£40,000 plus benefits

Reporting to the Group Financial Controller, your role will include:

- Management and statutory reporting
- Corporate taxation
- Corporate and overall expense budgeting, forecasting and monitoring
- Supervision of three staff within the finance group

We require a qualified accountant, with at least 2 years post qualification experience, insurance expertise (preferably gained in industry) and strong computer skills. The successful candidate will also possess excellent interpersonal and communication skills both written and oral. The ability to work under pressure, adhering to deadlines and use of own initiative is essential.

In return, the Company offers a very competitive package of benefits including non contributory pension scheme, private medical cover and discretionary bonus award.

Please apply in writing enclosing your current CV stating your current salary to:

John Mitchinson Head of Human Resources 34 Leadenhall Street, London EC3A 1AT Reference: JFM/MS/FTGA Closing date: 8th November 1996 No agencies please.

Coopers | Executive | Resourcing

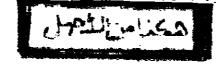
Our client is one of the world's largest integrated oil and petro-chemical companies. Significant organisational changes are now planned following the decision to restructure and establish centralised shared services. As a consequence an outstanding individual is required to lead the European

financial operations in bringing about substantial process and organisational changes whilst uniting the best practices of quality management to their accounting, systems and reporting functions.

As a key member of the management feam, you will play a lead role in setting up and implementing, directing and managing a major element of the shared services function to support the Group's European operations. You will be expected to deliver high value and cost effective support and advice necessary and appropriate for the operations and business groups to achieve world class competitive standards.

To succeed you will need to be a pro-active and robust individual. with exceptional communication and interpersonal skills, identity a qualified accountant or an MBA, you must be able to demanstrate a track record of increasing responsibility and meaningful contribution to business performance. You must also be able to evidence the successful management of large learns, the ability to build key relationships and influence decision makers across the European operations of a blue-chip musti-national. The role also demands an ability in at least one continental language in addition to fluency in English. The successful condidate should not word to firm their future cureer to this role.

Please send full personal and career details, including current remuneration level and doytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N SNN quoting reference AE931 on both envelope and letter.



Senior Internal Auditor

to DM210,000 Package + Car

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DIRECTOR

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annually thereafter by mutual agreement The MOD currently uses a diverse range of systems, applications and platforms but is undergoing a considerable redevelopment strategy. The candidate should therefore be technically competent on a wide range of established and emerging technologies. Your role will encompass a wide range of duties including the control and integrity issues

The Ministry of Defence of Oman has a

complement its professionally staffed

Internal Audit Directorate. The post is

initial period of 2 years, renewable

offered on accompanied contract for an

vacancy for a Senior Computer Auditor to

You will have gained extensive experience (at least 7 years) in systems based audit in a diversified organisation at a senior level and be educated to at

relating to proposed and existing

systems, together with the training of

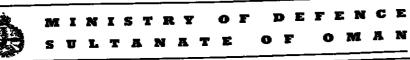
least Degree level in computing. Preference will be given to those who possess (or are working towards) QICA/CISA qualification

Terms of service include annual Pay in Omani Rials equivalent to Pounds Sterling £23,917. There is an end of contract gratuity of 20% of the total pay received. Both pay and gratuity are TAX-FREE.

In addition, an attractive benefits package includes 60 days annual leave with 2 return flights home for self and eligible family, free furnished accommodation, first class recreational facilities and monthly allowance for domestic staff and transport

Suitably qualified applicants, up to the age of 50 years, should write with full CV to-The Recruiting Officer (L). Military Attachés Office. Embassy of the Sultanate of Oman, 64 Ennismore Gardens,

London SW7 1NH.



Omani Auditors.



KNIGHTSTONE HOUSING ASSOCIATION

Knightstone is a leading and progressive housing association in the South West providing housing for people in need. It has more than 9,000 homes in management and a busy development

We are now looking to recruit to the newly established post of

HEAD OF INTERNAL AUDIT (Ref: HIAI) Salary Range: £32,800-£35,875
Plus Car & Attractive Benefits Package

Based at the Group's central office in Weston-super-Mare you will manage the provision of an internal audit service to the Association and its connected

This high profile post will report to the Chief Executive with responsibility to the

- Specific responsibilities will include: Rtsl. assessment and implementation of an effective audit programme
- Project management of internal and external audit resources
- Servering the Audit Committee Providing internal salvace and training to staff on sucht and internal control
- You will hold a professional accounting or auditing qualification with a minimum of 5 years' audit management experience. Specific industry experience in housing associations, property development or construction would be an advantage. Essential personal qualities include well-developed oral and written communication skills, confidence and credibility in working with senior executives and Board members and confidence and credibility in working with senior executives and Board members and proposed to communicate the formula because he to business control in a remitte changing.

a pragmatic compercially-focused approach to business control in a rapidly changing For an application form and job description, please telephone: 01934 522436 (Answerphone/Questing System), quoting the job reference.

Closing date for completed applicated Finday 8 November 1996

Enightstone Housing Association is working towards becoming an Equal Opportunities Employer and encourages applications from all sections of the community

Finance Director

O M A N

Our client is a key operating division within a Smulti-billion marketplace where group noter exceeds \$110 million. They have successfully completed a management buyout in recent years and in offering a quality pervice driven culture and by adopting a dynamic proach to new market and

business opportunities they are gaining market share. Their short term business plans include a profit level which will double in the next financial year and a possible flotation after this. Committed to the principle of

constant improvement for er and company alike they seek to recruit a high flying vidual who will work closely with the Divisional Managing Director and contribute also at Group Board level:



Based: Midlands Salary: c£50,000 Package + Choice of Car

The role will focus on maximising profit generation, enhancing the efficiency of the business through strengthening financial disciplines and providing both Financial and Commercial support within a technically advanced environment.

There are a number of attractive features that combine to make this an exciting opportunity for an experienced, ambitious and successful senior manager. Probably in your 30's and an FCA your career to date will have enabled you to develop the range of skills and depth of experience required for this highly visible role. Personal attributes will include excellent interpersonal skills, a high energy level and a clearly focused pragmatic approach to business.

The package will include a negotiable basic salary, choice of executive company car and comprehensive benefits package. However, we feel the deciding factor in your application will be the opportunity to join a fast growing organisation and make a significant personal contribution to its success.

Interested candidates should apply in writing enclosing a comprehensive CV to John Harridge or call for a confidential discussion on 01483 898989

HALLAMS COURT BLACKHEATH GUILDFORD SURREY GU4 SQZ

RUSSIAN SPEAKING **ACCOUNTANT**

experience in the FSU.

available for short or long term

Phone: 0131 440 0089

Financial Controller, Kuwait

Our client is a well established professionally managed financial services company involved in the investment, treasury, real estate and client fund management activities. They are looking to recruit an experienced professional for overseeing, running and directing the financial accounting department.

Key responsibilities will include:

- Establishing an effective management decision support system.
- Strengthening of risk and financial control systems.
- Providing the necessary financial analysis and projections to develop
- Assisting management in performance analysis and monitoring of investments, identifying revenue enhancement and cost reduction opportunities and providing effective, relevant and timely advice on a full range of business issues.

The ideal candidate will be a Chartered Accountant or Certified Public Accountant with at least 5 years experience in a similar capacity in a financial institution with a successful coreer record in all the above areas. The incumbent should have systems orientation and must possess good communication and inter personal skills, strong leadership and administrative capabilities and outstanding analytical and conceptual

The remuneration package for this senior management position will be commensurate with qualification and experience and will not be less than US\$ 100,000 (tax free).

Interested applicants should write within two weeks of this advertisement to Manoj Kabra, Fax (965) 2400120, enclosing full career and remuneration details quoting reference CID/10/96.



Accounting Manager

Guildford based

A world leader in Cellular systems, with 41% of the cellular global market and 85,000 employees world-wide, Ericsson designs, manufactures and supplies advanced digital and analogue systems to the most demanding international standards.

With an ever expanding and more demanding customer base, our commitment to optimising product reliability, innovation and excellent customer service is second to none. An exciting opportunity has arisen for an Accounting Manager

to work within the central Finance department at Ericsson's Guildford office which has experienced unprecedented growth in sales and order bookings. As Accounting Manager you will work closely with key divisional

finance management teams to produce periodic financial reports for the Division, Company and Group and will also have the following key responsibilities:

Preparation of periodic budgets and forecasts.

PSD

- Organize, motivate and develop a team of finance staff. Lead the continuous development of all management
- information systems.

Competitive salary package

We seek a fully qualified accountant with sound accounting and reporting experience gained in a commercial environment (minimum 3 years). You must also be comfortable working under pressure and to strict deadlines. Excellent communication and interpersonal skills will be as important as dedication, initiative and the ability to implement change.

In addition to an attractive remuneration package including relocation where appropriate, you will earn career development opportunities as a high achiever

To apply, please send your Curriculum Vitae together with salary expectations to:- Irls Freeman, Ericsson Ltd., Midleton Gate, Guildford Business Park, Guildford, Surrey GU2 5SG. Tel: 01483 305494. Fax: 01483 305090.





FINANCE MANAGER

NEW OPPORTUNITY TO MAKE YOUR NAME WITH A MAJOR OIL & GAS COMPANY

CENTRAL LONDON Package up to £58,000 plus car and benefits

Mobil Corporation is one of the world's largest energy companies. Its subsidiary, Mobil Sales and Supply (MS&S), is responsible for worldwide crude oil and refined products supply balancing, through the daily trading of millions of barrels of petroleum products, and regulated and unregulated paper.

Responsibility for business and statutory reporting for MS&S Europe has transferred from the US to London, resulting in the need for a finance professional to establish and maintain challenging standards for a young finance organisation. Your team will comprise accountants and transaction settlement analysts, responsible for contract verification, cargo support, and settlements. With a new system recently installed, the key to your success will be improving service while reducing costs.

ideally qualified to ACA/CIMA level, with a minimum second class honours degree, you will have three to five years' blue-chip experience in varied accounting procedures, audit and regulations.

Computer literate, you will have proven leadership skills in an environment of continuous improvement.

This is an ideal chance for a hands-on professional to make a major contribution to one of the world's leading oil and gas companies. In return, we offer a competitive salary and benefits package, including a car, private health scheme, pension and a share savings scheme, together with excellent career development opportunities. If you are interested in this challenging role, please submit your CV, including salary details, quoting reference MD5104, to Jerry Goldsmith, Macmillan Davies, Salisbury House, Bluecoats, Herrford SG14 1PU. Tel: 01992 552552. Fax: 01992 505301.

Mobil The energy to make a difference.

Corporate Finance City Based SExcellent

Our client is a leading international investment bank, with offices in all major Our client is a leading international investment bank, with offices in all major world financial centres. Through its global network, it provides a comprehensive range of financial services and has a growing international client portfolio. Due to this growth, an opportunity has arisen in the corporate finance department in M&A and Corporate Advisory. This role covers both the marketing and execution of transactions for high profile M&A work in the city. Candidates must be of the biobest ceiling and processes. be of the highest calibre and possess:

 ACA or MBA qualification combined with an outstanding academic record 2-3 years experience in M&A or Corporate Advisory in an international

 Pluency in French and/or German, would be advantageous
 First class communication skills coupled with a confident personality and the ability to work to tight deadlines

The organisation offers exceptional opportunities for career advancement in a prestigious financial institution, whilst encouraging a team orientated work ethic, individuals are rewarded for creativity and originality.

To discuss this opportunity in total confidence, please contact Richard Anson on 0171 405 4161. Alternatively, sand your CV to him at the address below.

5 Bream's Buildings Chancery Lene London EC4A 1DY 10171 405 4161



Recently Qualified Accountant - Investment Bank £35 - 40.000 + BANKING BENEFITS TREASURY ANALYST

ur client is one of the largest banks in Europe and one of the top 20 banks world-wide. It has an enviable reputation and a commanding international presence.

The recent expansion of treasury trading activity has created the role of Treasury Analysa within operational financial management.

The role requires the monitoring of trading exposure, the analysis of results on a product by product basis and the ongoing provision of ad hoc management information. You will also be required to review the existing systems that support the treasury activities and help advance any changes.

The requirement is for a recently qualified accountant who has gained some exposure to treasury products and ideally understands balance sheet management.

You may currently be with a large accountancy firm or a leading financial services company. As the role will involve extensive haison with different

departments and exposure to senior line management you will need to demonstrate the confidence and ability to communicate at

The bank has a strong emphasis on training and development and offers ample opportunity for career advancement.

To apply please send a full CV with a covering letter detailing current salary to: Andrew Fisher, Parkwell Management Consultants Ltd., 8 Wilfred Street, London SW1E 6PL Telephone: 0171 630 8000; Facsimile; 0171 233 5205

TAKE AN ACTIVE PART IN OUR EUROPEAN GROWTH

Business analyst

One of the world's largest medical technology companies with around 3800 employees in Europe. we seek a Business Analyst

for our European

Microbiology

Reporting to the European Division Controller, you will be responsible for giving comprehensive financial support to this Your contribution will essentially be in the following 2 areas :

 development and implementation of new financial and i.T. systems to support the organisation. pro-active business and financial support.

You will also be in charge of : the preparation of all financial statements and reporting to both European and Corporate

management, the performance of financial analyses, the elaboration of Divisional Forecasts/Budgets

 the elaboration of Divisional Forecasts/ budgets
 and Long-Range Plans,
You hold an undergraduate degree in accounting, economics or business, with a sound knowledge of accountancy (US GAAP).

A profesional Accountancy degree/MBA will be valued. A minimum of 3 to 5 years experience within the financial department of a multinational company complemented with excelent knowledge of PC and mainframe systems is required. Fluency in English and another major European language is essential to be successful in this position based at our European Headquarters in France - Grenoble area.

BECTON DICKINSON

Please send your resume + handwriten letter under reference 415 to **BECTON DICKINSON** - 5 Chemin des Sources · BP 37 38241 MEYLAN cedex - FRANCE.

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II ERNST & YOUNG

Manager - Management Accountant

Central London

for the future.

As one of the world's leading providers of business services, Ernst & Young are committed to delivering outstanding value to their internal and external customers. Current turnover for the UK operation is over £400 million with an aggressive growth forecast

The firm's continued success in the competitive global market relies upon innovation, proactive change and strong strategic focus. This key appointment within the finance team will add depth to the reporting and analysis process for 40 cost centres across the UK business. Supervising a high calibre team of six staff, the role will take responsibility for monthly reporting, forecasting, budgeting and business planning.

Further challenge within the role will be provided by the requirement to re-enginee the department and the on-going development of strong relationships with the departmental heads to

£35,000 + Car + Benefits

promote greater understanding of the commercial drivers in their business and therefore add value to the reporting process The successful candidate will be a qualified accountant with strong staff management skills. a

commercial focus and previous experience of reporting

at a senior level. The key personal attributes will be

energy, enthusiasm and excellent communication skills. In return, you can expect rapid progression and a challenging career in this exciting global business. Applicants wishing to apply should forward a

comprehensive CV, quoting reference 314420 to Guy Stacey at Michael Page Finance, Page House 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

£50,000 package - Hampshire

Roxspur plc is a specialist engineering group engaged in two principal activities: the manufacture and distribution of Measurement and Control equipment worldwide; and the distribution of Technical Products for specialist engineering applications into Europe's major industrial markets. The Group has subsidiaries across Europe and factories based in the South of England and Yorkshire.

small head office team of this growing PLC as No.2 to the Group FD. Candidates should be graduates, qualified with a "Big six" firm and have at least three years post qualification experience ideally in manufacturing industry. Preference will be given to those currently employed in a PLC environment who also demonstrate a strong drive and commitment for personal professional fulfilment.

Responsible for consolidated accounts, PLC reporting operational activities.

An attractive puckage of salary, pension and private health is provided. Performance bonus and share options will also apply to the appointment. The company is eliminating perk cars, however, a personal car allowance is paid.

Roxspur plc, Jays Close, Viables, Basingstoke RG22 4BS

BUSINESS MANAGER

Health Care

Our client is a progressive and rapidly growing company whose core business is the provision of sophisticated domiciliary care. They also have a considerable reputation for their national consulting practice and their unstituting commitment to the quality of service sets them apart. Theirs is a dynamic environment where teamwork and innovative solutions have created the opportunity for further growth.

In this newly created position you will make a vital contribution to future expansion plans. In particular you will:

South West London

- Develop and consolidate commercial and financial systems and procedures
- Lead new business development activity, including tenders and the negotiation of contracts Manage all commercial aspects of the company including their information systems
- Promote and manage the development of key accounts and represent the company on relevant professional forums

To £37,000

As a qualified accountant, ideally with a service industry background, you will thrive on the challenge of joining a company as it embarks on a period of substantial expansion. Showing excellent interpersonal and negotiation skills you will demonstrate a flair for commercial activities. You will be innovative in your approach to problem solving and be comfortable with the requirement to be involved at all levels of the business and be capable of dealing with a

Interested candidates should write with full CV, quoting current rewards package to Simon Stephenson, Hoggen Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HSS/6601/FT.



Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



ROXSPUR PLC

GROUP CHIEF ACCOUNTANT

An experienced Chartered Accountant is required to join the

including full SSAP, FRS. Cadbury and Greenbury compliance. Participate in the evolution of the group tax strategy. Including the acceptance of tax computations for all companies. Manage the organisation of the central accounts staff and their workloads. Achieve agreed objectives to set priorities. Identify areas capable of improvement and delivering the results. The successful candidate will also be required to support the Board in the Group's M&A and

Please send C.V. to: P W Freeman, Finance Director.

Executives

Key Role in Assessing the Regulation of Investment Business by the Professions

The Securities and Investments Board (SIB) is the central body empowered by the Financial Services Act (FSA) to oversee the UK system of investor protection. As a result of internal restructuring and promotions, the department responsible for assessing the adequacy of the FSA regulatory arrangements and operational procedures of each of the Recognised Professional Bodies (RPBs) is looking for two new executives. Successful candidates will acquire a good knowledge of each RPB's structure and approach to regulation and will carry out on site reviews to test and evaluate systems, procedures and controls. Having formed a judgement with regard to the adequacy of these controls, they will draft reports, including recommendations for improvements and assist in negotiating with the Bodies as to how and when the improvements will be implemented

They will then assist in monitoring the implementation of the recommended changes

The ideal candidates will have experience of auditing or operational reviews and knowledge of packaged and other retail investment products. Good standards of report writing and effective interpersonal skills are essential. Experience of the structure of the legal and accountancy professions and the operations of professional firms would be useful as would experience of. the FSA regulatory system. Some UK travel will

Interested applicants should initially contact Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH for an mation pack quoting ref 315871 or telephone 0171 269 2308. Closing date Thursday 7th November 1996.

Michael Page City

Outstanding Young Financial Controller £30,000 - £50,000 plus benefits

About you:

- · Highest levels of drive and enthusiasm
- · Consistent record of achievement
- · First class, hands-on technical skills Outstanding sharp analytical mind
- · Rigorous attention to detail
- · Frustrated at your current level of progress
- · Graduate chartered accountant
- 1-3 years post-qualification experience

About this role:

- · Full responsibility for every aspect of our financial affairs
- · Develop, implement and run the systems to support our growth
- Consolidate our worldwide accounts · Hands-on: from expense reports to strategic advice
- About Hagen & Co:
- · Providing a unique technical problem-solving service to the world's leading companies
- · Growing rapidly in the UK and worldwide · Offices in the UK, USA and Australia
- If you are interested, please send a detailed CV to Isobel Beevor, Personnel Manager, Hagen & Co, 5 Harewood Yard, Harewood, Leeds LS17 9LF to arrive no later than 14 November 1996.

Hagen & Co - Making Things Work



The Horserace Totalisator Board (popularly known as 'The Tote') is a statutory body, based in South-West London, which holds an exclusive licence to run pool betting on horseracing in the UK. The Tote is now seeking to make two important financial appointments.

Head of Internal Audit

£40,000 + CAR

The new Head of Internal Audit must ensure that the Tote meets its obligations under statute and in respect of corporate governance. The responsibilities of the job include improving operational efficiency and effectiveness, testing new computerised systems, ensuring adherence to the Board's policies and liaising with the external auditors.

The Head of Internal Audit will report on a daily basis to the Finance Director but will also be responsible to the Audit Committee.

Candidates will be Chartered Accountants with three to five years' post qualification experience. Practical experience of large scale computer systems, probably in an audit role, is an important prerequisite for the post. The ideal candidate will, in addition, have good communications skills and an appreciation of the industry in which the Tote operates.

A salary of £40,000 will be offered for this post together with a benefits package which will include a car.

Financial Accountant

c £30,000

Following an internal promotion, the Tote is seeking to appoint a Financial Accountant. The responsibilities of the Financial Accountant include preparation of four-weekly management accounts, daily treasury forecasts and assisting in the supervision of the Finance Department. The Financial Accountant will report to the Group

Candidates will be recently qualified accountants, preferably with experience of working in a large organisation. First-rate spreadsheet skills are a prerequisite for this post. Candidates will also need to demonstrate the ability to work as part of a team.

A salary of circa £30,000 plus benefits will be offered for this post.



BDQ Stoy Hayward Management Consultants

Applicants for either post should write, enclosing a full CV, to Mark Green, BDO Stoy Hayward Management Consultants, 8 Baker Street, London WIM IDA, or by fax to 0171-487-3686, quoting reference 54/IH/150 (Head of Internal Audit) or reference 54/IH/151 (Financial Accountant).

Financial Controller - France For US Multivational European Indias. \$320 Million in sales. 3 to 5 years exp. in US Milg industry. \$80. years exp. in US Ming moustry, sour to \$100,000 US per year. Excellent benefits, pitts car. French/English. C.V. and salary to Recruiter 15545 Ventura Bivd. #165 Sherman Oaks. CA 91403 or Fax: 818-981-6505

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Dominic Knowlson on +44 0171 873 3694

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Toby Finden Crofts on +44 1071 873 4027

Accounting Manager

Guildford based

A world leader in Cellular systems, with 41% of the cellular global market and 85,000 employees world-wide, Encsson designs, manufactures and supplies advanced digital and analogue

systems to the most demanding international standards. With an ever expanding and more demanding customer base, our commitment to optimising product reliability, innovation and excellent customer service is second to none.

An exciting opportunity has arisen for an Accounting Manager to work within the central Finance department at Ericsson's Guildford office which has experienced unprecedented growth in sales and order bookings,

As Accounting Manager you will work closely with key divisional finance management teams to produce periodic financial reports for the Division, Company and Group and will also have the following key responsibilities:-

- Preparation of periodic budgets and forecasts.
- Organize, motivate and develop a team of finance staff.
- · Lead the continuous development of all management information systems.

Competitive salary package

We seek a fully qualified accountant with sound accounting and reporting experience gained in a commercial environment (minimum 3 years). You must also be comfortable working under pressure and to strict deadlines. Excellent communication and interpersonal skills will be as. important as dedication, initiative and the ability to implement change.

In addition to an attractive remuneration package including relocation where appropriate, you will earn career development opportunities as a high achiever.

To apply, please send your Curriculum Vitae together with salary expectations to:- Iris Freeman, Ericsson Ltd., Midleton Gate, Guildford Business Park, Guildford, Surrey GU2 5SG. Tel: 01483 305494, Fax: 01483 305090.

ERICSSON 5

c. £45,000 + Bonus + Benefits

Candidates are likely to be graduates and must be

qualified accountants (probably ACMA). A sound

grasp of product costing gained within a fast-paced, customer-focused manufacturing environment is

essential, and should be coupled with proven success

in using financial management and IT skills to

Previous experience of multi-site operating environments and exposure to Group reporting requirements would be beneficial. Well developed

interpersonal and communication skills, and the

ability to develop and motivate a beam will be vital

Prospects for personal and career development are

excellent, and the neward package includes a car

and an attractive range of other benefits.

enhance business performance.



Finance Director Multi-Site FMCG Manufacturing

Yorkshire

This £20m subsidiary of an international plc produces consumer products for a number of distinct customer sectors. The environment is characterised by high levels of flexibility and customer service, short lead times and innovative product development. The company's activities are central to the Group's strategy and acquisitions are expected to contribute to substantial growth.

Reporting to the Managing Director, the Finance

- Director will focus on: enhancing and developing systems to measure costs, highlight performance issues and add value to commercial decision-making;
- managing local developments and implementing Group policy on IT and MIS initiatives and ensuring compliance with Group reporting requirements and standards;

 contributing fully to the strategic and operational management of a dynamic and profitable business.



Please send a full CV in confidence to GKRS at the address below, quoting reference number 96632N on both letter and envelope, and including details of current remaneration

SEARCH & SELECTION PARK HOUSE, 6 KILLINGBECK DRIVE, LEEDS LS14 GUE TEL: 0113 248 4848 A GKR Group Company

